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GOVERNMENT AND ADMINISTRATION

Parliament

The state of the parties in the House of Commons is shown below, following two by-elections and the deaths of two members. Some changes in the Government Whips have resulted. Ministers and other MPs have received a pay increase in line with Government pay policy. The maximum amount which a parliamentary candidate is allowed to spend on his election campaign has been raised.

BY-ELECTIONS AND STATE OF THE PARTIES

The Labour Party retained both its seats in parliamentary by-elections on 14 July at Manchester, Moss Side and Penistone.

The results were as follows:

Manchester, Moss Side

G. Morton (Labour)	12,556
T. Murphy (Conservative)	10,998
P. Thomson (Liberal)	2,502
H. Andrew (National Front)	623
V. Redgrave (Workers' Revolutionary Party)	394

Some 52 per cent of the electorate voted.

Penistone

A. McKay (Labour)	19,424
I. Dobkin (Conservative)	14,053
D. Chadwick (Liberal)	9,241

Some 59·8 per cent of the electorate voted.

Following the by-elections and the death in June of the Labour MP for Pontefract and Castleford, Mr Joseph Harper (a Government Whip), and the death in July of the Labour MP for Berwick and East Lothian, Professor John Mackintosh, the state of the parties in the Commons is now as follows:

Labour	306
Conservative	282
Liberal	13
Scottish National	11
Official Unionist (Northern Ireland)	7
Plaid Cymru (Welsh Nationalist)	3
Independent Unionist (Northern Ireland)	2
Scottish Labour	2
Democratic Unionist (Northern Ireland)	1
Independent (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Vacant seats	2
TOTAL	631

In addition there are the Speaker and his three deputies who do not vote except in their official capacity in the event of a tie.

Appointment of Whips

The death of Mr Joseph Harper has necessitated some new appointments as Government Whips. Mr James Hamilton succeeds Mr Harper as Comptroller of the Household, and is succeeded as Vice-Chamberlain of the Household by Mr Donald Coleman. Mr Albert Stallard is made a Lord Commissioner of the Treasury and Mr Joseph Dean is made an Assistant Whip.

PARLIAMENTARY SALARIES

Ministers and other Members of Parliament have received a salary increase of 10 per cent from 30 June. The increases are in line with Government pay policy and were approved by the House of Commons on 28 July (*Hansard*, cols 2021-122). Members of Parliament will now receive a maximum of £6,897, although certain members are on slightly lower scales as a result of previous pay policy (see p 307, 1976).

The Prime Minister's salary has been raised to £22,000 from £20,000 and the Leader of the Opposition's to £10,450 from £9,500. The Lord Chancellor receives £22,228, the Attorney General, £15,950, and the Lord Privy Seal, £14,528. Other Cabinet Ministers are now paid £14,300; the Solicitor General and the Lord Advocate £12,100; and senior Ministers outside the Cabinet and Ministers of State receive between £8,250 and £10,450. Parliamentary Secretaries receive £6,050 and Government and Opposition Whips £4,400.

In addition to their ministerial salaries, the following amounts of their MP's pay are paid to Ministers:

Cabinet Ministers	£3,529
Other Ministers	£4,299
Whips	£4,642

The secretarial and research allowance for members has also been increased to £4,200 annually. In addition members are eligible for a subsistence allowance (if they live outside London) of up to £2,534 for the year ending March 1979, or to a London supplement of £385. Allowances for members of the House of Lords, who do not receive a parliamentary salary, will not be increased.

The rises represent the first increase in ministerial salaries since 1972, although members' pay

was increased in 1975 (see pp 303-4, 1975), 1976 and 1977 in line with Government pay policy.

PARLIAMENTARY ELECTION EXPENSES

The Representation of the People Act, which received the Royal Assent on 20 July, increases the maximum expenses which may be incurred by a candidate at a parliamentary election to £1,750 plus 2p per elector in a county (rural) constituency and £1,750 plus 1½p per elector in a borough (urban) constituency. As an example, in a typical constituency of 60,000 electors, the total permissible expenses will now be £2,950 in a county constituency and £2,650 in a borough constituency (compared with the previous figures of £1,675 and £1,525 respectively).

The Act also empowers the Home Secretary in future to vary by Order the maximum amounts of candidates' expenses in both parliamentary and local government elections to take account of inflation. Such orders will be subject to an affirmative resolution of both Houses in Parliament.

Recent Legislation

The public Acts of Parliament passed between May and the beginning of August are listed below.

Acts sponsored by the Government are indicated by an asterisk. The second reading references are to the House of Commons or House of Lords *Hansard*. The prices of some Acts were not available at the time of going to press.

**Adoption* (*Scotland*) *Act 1978*. A consolidation measure. Second reading (HL): 11.5.78, col 1162. Royal Assent: 20.7.78. Ch 28, ISBN 0 10 542878 7, HMSO.

**Appropriation Act 1978*. Authorises the Treasury to make a sum available to the public service. Second reading (HC): 1.8.78, col 711. Royal Assent: 2.8.78. Ch 57, ISBN 0 10 545778 7, HMSO.

Chronically Sick and Disabled Persons (*Northern Ireland*) *Act 1978*. Extends the provisions of the Chronically Sick and Disabled Persons Act 1970 to Northern Ireland. Second reading (HL): 19.7.78, cols 390-400. Royal Assent: 31.7.78. Ch 53, ISBN 0 10 545378 1, HMSO, 30p.

Civil Liability (*Contribution*) *Act 1978*. Extends 'contribution' between those liable for damage done to another person beyond the few classes of wrongdoer to whom the law previously allowed this type of relief; and amends the law relating to successive legal proceedings brought against people who are liable either jointly for the same debt or jointly and severally for the same damage. Second reading (HL): 18.7.78, cols 245-55. Royal Assent: 31.7.78. Ch 47, ISBN 0 10 544778 1, HMSO, 30p.

**Community Service by Offenders* (*Scotland*) *Act 1978*. Makes community service orders available to Scottish criminal courts. Second reading (HL): 27.6.78, cols 290-302. Royal Assent: 31.7.78. Ch 49, ISBN 0 10 544978 4, HMSO, 40p.

Consumer Safety Act 1978. See pp 136-7. Second reading (HC): 27.1.78, col 1917. Royal Assent: 20.7.78. Ch 38, ISBN 0 10 543878 2, HMSO, 60p.

**Co-operative Development Agency Act 1978*. See pp 175-6. Second reading (HC): 6.4.78, cols 748-808. Royal Assent: 30.6.78. Ch 21, ISBN 0 10 542178 2, HMSO, 30p.

**Dividends Act 1978*. See p 297. Second reading (HC): 27.7.78, cols 1802-937. Royal Assent: 31.7.78. Ch 54, ISBN 0 10 545478 8, HMSO, 10p.

**Domestic Proceedings and Magistrates' Courts Act 1978*. Removes differences in matrimonial law which existed between magistrates' courts on the one hand and the High Court and divorce county courts on the other; creates new powers to protect 'battered' wives and children; and contains new provisions relating to international enforcement of maintenance. Second reading (HL): 30.1.78, cols 579-99. Royal Assent: 30.6.78. Ch 22, ISBN 0 10 542278 9, HMSO, £1·85.

Education (*Northern Ireland*) *Act 1978*. See p 197. Second reading (HL): 24.11.77, cols 1042-62. Royal Assent: 25.5.78. Ch 13, ISBN 0 10 541378 X, HMSO, 20p.

**Employment* (*Continental Shelf*) *Act 1978*. Provides for the application of certain laws to employment connected with the exploration or exploitation of areas of the continental shelf. Second reading (HC): 6.6.78, cols 95-126. Royal Assent: 31.7.78. Ch 46, ISBN 0 10 544678 5, HMSO, 10p.

**Employment Protection* (*Consolidation*) *Act 1978*. A consolidation measure. Second reading (HL): 10.7.78, col 1307. Royal Assent: 31.7.78. Ch 44, ISBN 0 10 544478 2, HMSO.

**European Assembly Elections Act 1978*. See pp 451-2, 1977, p 3 and p 40. Second reading (HC): 24.11.77, cols 1764-891. Royal Assent: 5.5.78. Ch 10, ISBN 0 10 541078 0, HMSO, 40p.

**Export Guarantees and Overseas Investment Act 1978*. A consolidation measure. Second reading (HL): 11.4.78, col 457. Royal Assent: 30.6.78. Ch 18, ISBN 0 10 541878 1, HMSO, 40p.

**Finance Act 1978*. See pp 159-69 and 214. Second reading (HC): 27.4.78, cols 1651-800. Royal Assent: 31.7.78. Ch 42, ISBN 0 10 544278 X, HMSO.

**Gun Barrel Proof Act 1978*. Makes provision to enable Britain to accede to a Convention for the Reciprocal Recognition of Marks of Small Arms, Brussels, 1 July 1969. Second reading (HL): 1.12.77, cols 1358-74 and 1384-6. Royal Assent: 5.5.78. Ch 9, ISBN 0 10 540978 2, HMSO, 40p.

**Home Purchase Assistance and Housing Corporation Guarantee Act 1978*. See p 104. Second reading (HC): 20.2.78, cols 1024-96. Royal Assent: 30.6.78. Ch 27, ISBN 0 10 542778 0, HMSO, 25p.

**Homes Insulation Act 1978*. See p 221. Second reading (HC): 19.5.78, cols 951-1010. Royal Assent: 30.6.78. Ch 48, ISBN 0 10 544878 8, HMSO, 20p.

**House of Commons* (*Administration*) *Act 1978* Establishes a new statutory framework for the staffing and administrative arrangements of the House of Commons. Second reading (HL): 11.7.78, cols 1453-7. Royal Assent: 20.7.78. Ch 36, ISBN 0 10 543678 X, HMSO, 30p.

**Housing* (*Financial Provisions*) (*Scotland*) *Act 1978*. Makes a number of important changes to Scottish housing finance provisions. The Act's major feature relates to the housing support grant which creates the framework for a radical reform of the system of subsidies for housing authorities. Second reading (HL): 13.3.78, cols 1062-78. Royal Assent: 25.5.78. Ch 14, ISBN 0 10 541478 6, HMSO, 70p.

Import of Live Fish (*Scotland*) *Act 1978*. Provides powers to control the introduction of species of fish which could harm stock already established. Second reading (HL): 16.3.78, cols 1544-8. Royal Assent: 20.7.78. Ch 35, ISBN 0 10 543578 3, HMSO.

**Independent Broadcasting Authority Act 1978*. Extends until the end of 1981 the period during which television and local radio services are to be provided by the IBA. Second reading (HC): 6.4.78, cols 661-747. Royal Assent: 31.7.78. Ch 43, ISBN 0 10 544378 6, HMSO, 10p.

Industrial and Provident Societies Act 1978. Increases the amount of deposits that can be made at any one time. Second reading (HL): 31.1.78, cols 718-24. Royal Assent: 20.7.78. Ch 34, ISBN 0 10 543478 7, HMSO, 20p.

**Inner Urban Areas Act 1978*. See pp 102-4. Second reading (HC): 9.2.78, cols 1686-812. Royal Assent: 31.7.78. Ch 50, ISBN 0 10 545078 2, HMSO, 40p.

Internationally Protected Persons Act 1978. Implements the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons adopted by the United Nations General Assembly in 1973. Second reading (HL): 17.5.78, cols 396-406. Royal Assent: 30.6.78. Ch 17, ISBN 0 10 541778 5, HMSO, 25p.

**Interpretation Act 1978*. A consolidation measure which also gives effect to certain recommendations by the Law Commission and the Scottish Law Commission. Second reading (HL): 7.6.78, col 1231. Royal Assent: 20.7.78. Ch 30, ISBN 0 10 543078 1, HMSO, 40p.

**Iron and Steel* (*Amendment*) *Act 1978*. Raises the statutory limit on the amount of external finance that the British Steel Corporation and its wholly owned subsidiaries can raise by borrowing (see pp 137-8). Second reading (HC): 11.5.78, cols 1416-546. Royal Assent: 20.7.78. Ch 41, ISBN 0 10 544178 3, HMSO, 10p.

**Judicature* (*Northern Ireland*) *Act 1978*. Reforms the court system in Northern Ireland following a White Paper in 1977 (see p 335, 1977). Second reading (HL): 19.1.78, cols 211-41. Royal Assent: 30.6.78. Ch 23, ISBN 0 10 542378 5, HMSO, £2·60.

Local Government Act 1978. Amends the local government legislation which provides for the investigation of complaints of maladministration by local and other authorities, by empowering the authorities to incur expenditure in making a payment to, or in providing some other benefit for, a person who has suffered injustice. Second reading (HL): 14.6.78, cols 425-32. Royal Assent: 20.7.78. Ch 39, ISBN 0 10 543978 9, HMSO, 10p.

**Medical Act 1978*. See p 230. Second reading (HL): 29.11.77, cols 1147-89. Royal Assent: 5.5.78. Ch 12, ISBN 0 10 541278 3, HMSO, £1·25.

**National Health Service* (*Scotland*) *Act 1978*. A consolidation measure. Second reading (HL): 20.6.78, cols 955-6. Royal Assent: 20.7.78. Ch 29, ISBN 0 10 542978 3, HMSO, £2.

**Nuclear Safeguards and Electricity* (*Finance*) *Act 1978*. Provides for effect to be given to an International Agreement for the Application of Safeguards in Britain in connection with the Treaty on the Non-Proliferation of Nuclear Weapons; and authorises Government contributions towards expenditure by the Central Electricity Generating Board in connection with the construction of the second stage of the Board's generating station at Drax. Second reading (HC): 24.4.78, cols 1014-137. Royal Assent: 30.6.78. Ch 25, ISBN 0 10 542578 8, HMSO, 25p.

**Oaths Act 1978*. A consolidation measure. Second reading (HL): 11.4.78, cols 457-8. Royal Assent: 30.6.78. Ch 19, ISBN 0 10 541978 8, HMSO, 25p.

**Parliamentary Pensions Act 1978*. Contains provisions to improve the parliamentary contributory pensions scheme. Second reading (HC): 21.6.78, cols 615-74. Royal Assent: 2.8.78. Ch 56, ISBN 0 545678 0, HMSO, 50p.

Protection of Children Act 1978. Seeks to prevent the exploitation of children in connection with indecent photographs and films. Second reading (HC): 10.2.78, cols 1826-922. Royal Assent: 20.7.78. Ch 37, ISBN 0 10 543778 6, HMSO, 25p.

Rating (*Disabled Persons*) *Act 1978*. Amends the law relating to relief from rates in respect of premises used by disabled people and invalids. Second reading (HL): 14.6.78, cols 412-25. Royal Assent: 20.7.78. Ch 40, ISBN 0 10 544078 7, HMSO, 40p.

**Representation of the People Act 1978*. See p 276. Second reading (HC): 3.7.78, cols 165-93. Royal Assent: 20.7.78. Ch 32, ISBN 0 10 543278 4, HMSO, 10p.

**Scotland Act 1978*. See pp 452-6, 1977 and p 39. Second reading (HC): 14.11.77, cols 51-213. Royal Assent: 31.7.78. Ch 51, ISBN 0 10 545178 9, HMSO.

**Shipbuilding* (*Redundancy Payments*) *Act 1978*. Provides for schemes to be made to provide financial help to employees of British Shipbuilders or Harland and Wolff who lose their jobs or are transferred to less well-paid employment, either because a yard is closed or because its activities or the numbers employed are reduced. Second reading

(HC): 16.1.78, cols 173-211. Royal Assent: 5.5.78. Ch 11, ISBN 0 10 541178 7, HMSO, 20p.

**Solomon Islands Act 1978*. Provides for the independence of the Solomon Islands (see p 258). Second reading (HL): 27.4.78. cols 2003-19. Royal Assent: 25.5.78. Ch 15, ISBN 0 10 541578 2, HMSO, 30p.

**State Immunity Act 1978*. Makes new provision over proceedings in Britain by or against other States; provides for the effect of judgments given against Britain in the courts of States parties to the European Convention on State Immunity; and makes new provision over the immunities and privileges of heads of State. Second reading (HC): 5.5.78, cols 405-20 and 8.5.78, col 937. Royal Assent: 20.7.78. Ch 33, ISBN 0 10 543378 0, HMSO, 40p.

**Statute Law (Repeals) Act 1978*. Repeals certain obsolete laws. Second reading (HL): 11.5.78, cols 1160-2. Royal Assent: 31.7.78. Ch 45, ISBN 0 10 544578 9, HMSO.

**Suppression of Terrorism Act 1978*. Gives effect to the European Convention on the Suppression of Terrorism (see p 30); amends the law relating to the extradition of criminals and the obtaining of evidence for criminal proceedings outside Britain; and confers jurisdiction in respect of certain offences committed outside Britain. Second reading (HC): 26.4.78, cols 1575-614 and 2.5.78, col 196. Royal Assent: 30.6.78. Ch 26, ISBN 0 10 542678 4, HMSO, 40p.

Theatres Trust (Scotland) Act 1978. Extends the Theatres Trust Act 1976 (see p 380, 1976) to Scotland. Second reading (HL): 7.6.78, cols 1310-13. Royal Assent: 30.6.78. Ch 24, ISBN 0 10 542478 1, HMSO, 10p.

**Theft Act 1978*. Contains new provision against fraudulent conduct. Second reading (HC): 6.6.78, cols 127-55. Royal Assent: 20.7.78. Ch 31, ISBN 0 10 543178 8, HMSO, 25p.

**Transport Act 1978*. Aims, among other provisions, to provide a stronger framework for the local planning of stable public transport services; to encourage community self-help to tackle the needs that the ordinary bus service cannot reach; and to adapt certain aspects of the public transport service vehicle licensing system to give additional flexibility without destroying necessary safeguards. Much of the Act arises from a White Paper of 1977 (see pp 274-6, 1977). Second reading (HC): 19.1.78, cols 691-805. Royal Assent: 2.8.78. Ch 55, ISBN 0 10 545578 4, HMSO, 60p.

**Trustee Savings Banks Act 1978*. Clarifies and amends the law relating to investment and borrowing by trustee savings banks. Second reading (HC): 15.3.78, cols 465-97. Royal Assent: 30.6.78. Ch 16, ISBN 0 10 541678 9, HMSO, 25p.

**Tuvalu Act 1978*. Provides for the independence of Tuvalu (see pp 83-4). Second reading (HL): 9.5.78, cols 892-903. Royal Assent: 30.6.78. Ch 20, ISBN 0 10 542078 6, HMSO, 25p.

**Wales Act 1978*. See pp 452-6. Second reading (HC): 15.11.77, cols 357-512. Royal Assent: 31.7.78. Ch 52, ISBN 0 10 545278 5, HMSO.

Official Secrets Act: Reform of Section 2

Proposals for reform of part of the Official Secrets Act, which regulates disclosure of official information, have recently been published by the Government.

Proposals for reform of Section 2 of the Official Secrets Act 1911 are set out in a White Paper published by the Government on 19 July (*Reform of Section 2 of the Official Secrets Act 1911*. Cmnd 7285, HMSO, 70p. ISBN 0 10 172850-6). Section 2 of the Act makes the unauthorised disclosure and receipt of official information a criminal offence; under the proposals, criminal sanctions would be applied to a narrower area of information, and the mere receipt of information would no longer be a criminal offence. The proposed reforms are based on the recommendations of the Departmental Committee on Section 2 of the Official Secrets Act (the Franks Committee), which reported in 1972 (see pp 404-5, 1972), and were prefigured by proposals put forward by the Government in 1976 (see pp 461-2, 1976). Introducing the White Paper in the House of Commons, the Home Secretary, Mr Merlyn Rees, said: 'Over the years Section 2 had attracted much criticism because of its catch-all character. The legislation we propose will answer that criticism, and the White Paper itself will allow a discussion to take place before legislation' (*Hansard*, 19.7.78, col 536).

THE PROPOSALS

The White Paper proposes the replacement of Section 2 with an Official Information Bill, broadly on the lines recommended by the Franks Committee. The most notable divergence from the Committee's report is that there should no longer be criminal sanctions against the disclosure of information in the economic sphere or for Cabinet and Cabinet Committee documents (unless they fall into one of the specific categories which should still be so protected). The Government considers that the protection of such information could be adequately achieved through special handling and distribution procedures, the sanction of civil service discipline and the judgment of ministers. The use of information for private gain would be covered by forthcoming legislation on corruption in public life, based on the report of the Royal Commission on Standards of Conduct in Public Life under the chairmanship of Lord Salmon (see pp 310-12, 1976).

Defence and International Relations

It is proposed that criminal sanctions should continue to apply to information about defence and internal security and to international relations, and that the protective classification of *Defence-Confidential* be extended to a wider range of defence information than that recommended by the Franks Committee. The test for criminal sanctions in these fields should be the test of causing 'serious injury' to the interests of the nation rather than of being merely prejudicial. Although new

legislation would embody the system of classification markings (*Confidential, Secret,* etc), the test of criminality in the definition of an offence should be based on the likelihood of 'serious injury' and not simply on whether a document was marked.

As a safeguard, before there could be a prosecution for the disclosure of information in the categories of defence and international relations, the responsible minister would have to issue a certificate to attest the case of 'serious injury'; and as an additional safeguard, the question would be examined by the Attorney General (in Scotland, by the Lord Advocate), who would have to authorise the certificate to be entered in evidence in the trial.

Law and Order

The White Paper proposes a law and order category which would also be protected by criminal sanctions. This category covers information (including police, prison and Post Office information) which would be likely to be helpful in the commission of criminal offences or in escape from custody, or would be prejudicial to prison security, or would impede the prevention or detection of offences or the apprehension or prosecution of offenders.

Confidences of the Citizen

Considerable emphasis is placed in the White Paper on the protection of individual privacy. It is proposed that confidences about individual citizens and organisations held by government departments, however acquired, should be protected by the criminal law from improper disclosure. The Government recognises that, as a result of this category, a very high proportion of the papers in government departments would continue to be protected by criminal sanctions against unauthorised disclosure, but regards the proposals as an important contribution towards safeguarding privacy.

Security and Intelligence

The White Paper advances the conclusion that information relating to security and intelligence matters is deserving of the highest protection, whether or not it is classified. It therefore proposes that there shall be a separate category to cover these matters in the Bill.

Persons Committing Offences

The new legislation would place the primary duty to protect official information to which it applies on ministers, civil servants and members of the diplomatic service, members of the armed forces, the police, members of the United Kingdom Atomic Energy Authority, the Post Office and the Civil Aviation Authority and Gaming Board inspectors, together with persons employed by or serving under the direction of any of these classes and former members of any of these classes. Government contractors would also be liable to prosecution if they knowingly disclosed information, but in the case of other people who are in no kind of special relationship to central government, the mere receipt of protected information would no longer be a criminal offence.

Open Government

In his statement, Mr Rees said that 'it is the view of the Government that reform of Section 2 is not only a much-needed improvement of the criminal law but a necessary preliminary to greater openness' (*Hansard,* 19.7.78, col 537). The White Paper acknowledges that present-day Government has to pay greater attention to the needs and expectations of the public in explaining its policies and actions. It is settled government policy to continue to expand the flow of information to Parliament and the public, in particular, in setting out the background to major policy decisions. Following the announcement by the Prime Minister in November 1976 (see p 461, 1976), the Head of the Home Civil Service issued an instruction in July 1977 to make official information even more generally available (see pp 331-2, 1977). In the British system of government, the executive is under continuous scrutiny by Parliament; much information is given to Parliament in answers to questions, speeches, evidence to Select Committees and letters to MPs, and Government papers are subject to scrutiny by the Parliamentary Commissioner for Administration (the Ombudsman) when cases are referred to him.

The Government accepts an obligation to publish more information, and will continue to develop its practice accordingly. More consideration should be given to whether to go further by, for example, creating a statutory right of access to information on the lines of the legislation in force in some other countries, notably in the United States and Sweden. The Government intends to initiate a more detailed study of overseas experience and its relevance to the British constitutional system, in order to see what further action, either by legislation or by non-statutory methods, may be desirable.

Dominica

The Associated State of Dominica will become an independent republic on 3 November 1978 and will be known as the Commonwealth of Dominica. Dominica will be the second Associated State to become independent, Grenada having done so in February 1974 (see p 82, 1974).

Dominica, along with the other Caribbean territories of Antigua, Grenada, St Kitts-Nevis-Anguilla, St Lucia and St Vincent,[1] became an Associated State under the provisions of the West Indies Act 1967, and since 1967 has had full responsibility for its internal affairs. The responsibility of the British Government has been confined to external affairs and defence, although, in practice, authority has been delegated to the Associated States to act for themselves in those areas of external affairs in which they have the greatest interest.

[1]St Vincent did not become an Associated State until 1969.

Independence Option Exercised

Unlike colonies, Associated States can, under section 10 (1) of the West Indies Act, proceed to independence without requiring the consent or assistance of the British Government, in which case legislation to this effect would have to be approved by a two-thirds majority in the legislative assembly and by a two-thirds majority in a referendum. (The latter would not be required if it was proposed to proceed to independence in association with another Commonwealth country in the area.) Alternatively, under section 10 (2) of the Act, the British Government can terminate the association status through an Order in Council. As in the case of Grenada, the Dominica Government requested in 1976 that the second course be followed.

The West Indies Act lays down no conditions for the use of the procedure under section 10 (2) but the British Government view is that it would be justified in taking such action only if it was considered that it had the consent and support of the Government and people of the country concerned. At a constitutional conference in London in May 1977 (see pp 216-17, 1977) it was agreed that, in view of certain differences over the proposed constitution between the governing Dominica Labour Party and the opposition Freedom Party, further discussion should take place in Dominica; and that if broad agreement then emerged the British Government would be willing to recommend that Parliament approve the termination of association.

The Posnett Report

In the year following the conference, considerable progress was made in narrowing the differences between the parties, but they were not entirely resolved. The British Government then agreed with the Government of Dominica that the Dependent Territories Adviser at the Foreign and Commonwealth Office, Mr R. N. Posnett, should visit Dominica in May 1978 to discuss the remaining issues and to assess the state of public opinion regarding the termination of association with Britain. In his report,[1] published on 5 July, Mr Posnett reported that the question of independence and related issues had been debated at unusual length and in considerable depth and that there was no reason to believe that there was a significant number of people who wished to retain the status of association with Britain. In addition, Mr Posnett considered that further progress in resolving the constitutional differences between the parties seemed unlikely, but he thought that the constitution proposed by the Government was a good one which fairly reflected the interests and aspirations of the people, that it was similar to others in newly independent countries in the area, and that it contained substantial safeguards for the protection of fundamental rights and freedoms and democratic institutions. In view of these considerations, and bearing in mind that termination of association had been clearly implied in the governing party's manifesto at the general election in 1975, Mr Posnett recommended that the termination of association should take effect on 3 November 1978. The British Government accepted this and a draft Order in Council to put it into effect was approved by the House of Commons on 21 July (*Hansard*, cols 1080-103) and by the House of Lords on 24 July (*Hansard*, HL, cols 746-68). A resolution to the same effect was passed by the Dominica House of Assembly on 12 July.

Background Information

Dominica is the largest of the Windward Islands in the Eastern Caribbean and has an area of 751 sq km (290 sq miles). The population of 75,000 is mainly of African or mixed African and European origin, although it also includes the main surviving community of Caribs in the Caribbean Islands. The capital is Roseau which has a population of 12,000. The economy is primarily agricultural with bananas as the main export. The country's principal development goal is to build up its economic infrastructure, notably through the construction of harbour facilities, roads, bridges and water supply systems. Other priorities include the development of tourism and of the timber industry, the encouragement of light industries and the expansion and diversification of farming, particularly with the aim of achieving self-sufficiency in foodstuffs. Britain is supporting these developments through its aid programme, and in the five years from 1972 to 1976 provided aid totalling more than £7 million. Of this, £1·92 million was provided in 1976, this comprising £1·75 million in financial aid and £166,000 in technical co-operation for the provision of expertise not available locally and for the training of local personnel. British aid funds have contributed to a wide range of projects, including road building, education, natural resources schemes, medical projects and rural electrification. In particular, grants have been made to assist the rehabilitation of the island's banana industry following drought and hurricane damage; and in support of efforts to diversify the economy through livestock and timber developments. British aid to Dominica is also channelled through the Commonwealth Development Corporation (see p 225) which has provided investment finance for hydro-electricity development and housing finance through a mortgage company jointly owned with the Dominica Government.

[1] *Dominica, Termination of Association.* Cmnd 7279. HMSO, 50p. ISBN 0 10 172790 9.

EXTERNAL AFFAIRS AND DEFENCE

European Community

The European Council, at its meeting on 6 and 7 July, considered the Community's response to world economic problems. It discussed proposals put forward by France and the Federal Republic of Germany for a European monetary system, and agreed that a scheme should be presented to the European Council in December. On 1 July the Federal Republic of Germany assumed the presidency of the Council of Ministers for six months. Finance ministers have asked the Commission and three specialist committees to study certain matters arising out of the Council's discussions. The Council of Ministers agreed on a draft budget for 1979; Britain's representative reaffirmed the Government's criticism of the Common Agricultural Policy and called for a substantial reduction in its cost in future years. The Council took note of the British declaration that Britain cannot accept voting in Council on fishery matters which affect its fundamental national interests. The Council agreed on member countries' fishing quotas in some non-Community waters, and on quotas for certain non-member states, as well as on aids for fishery protection, inshore fishing and fish farming. Beef imports from certain parts of Botswana can be resumed. Britain postponed the signing of a nuclear agreement with Australia following objections from the Commission. Among matters discussed by the Council was the situation in the iron and steel, shipbuilding and textile industries. The Council agreed on a resolution on an action programme for safety and health at work. Foreign ministers issued statements on the situation in Lebanon and on Soviet dissidents. There was a meeting at ambassador level between the Community and the Latin American Group. These and other recent developments are described below.

EUROPEAN COUNCIL

A meeting of the European Council was held in Bremen from 6 to 7 July, attended by the heads of State or Government of the member countries. One of the main themes of the meeting was the Community's response to world economic problems and the contribution it could make to the world economic summit that was held in Bonn the following week (see p 294).

A note distributed to the press by the Presidency of the Council stated: 'The Community and the member states will closely co-ordinate their action with the other major industrial countries which are their partners, since the problems involved will be overcome better by means of close international co-operation extending beyond Europe, in which heed must also be paid to the developing countries' interests.' The note sets out the Council's conclusions, which included 'a common approach in order to achieve a considerably higher rate of economic growth and thus reduce the level of unemployment in Europe by fighting inflation, establishing a greater measure of monetary stability, expanding international trade, achieving progress in the energy sector, reducing regional disparities and stimulating demand'; an agreement that 'a zone of monetary stability in Europe' is 'a highly desirable objective' (see below and p 282); a call for measures to combat youth unemployment; an emphasis on the importance of tripartite conferences with both sides of industry; a call for the intensification of efforts to resolve long-term energy problems; an agreement to safeguard and develop the common market; a 'determination to strengthen the open world trading system'; the wish to induce 'a greater readiness to undergo structural changes' in firms and industries; (these changes, said the note, 'must, however, take place under socially acceptable conditions'); the view that 'due consideration must continue to be given to the special agricultural . . . problems in the Mediterranean regions and in other less-favoured regions'; and the determination to ensure progress in the North-South dialogue (see pp 228-9, 1977). The Council also discussed the situation in Africa and the Middle East (see p 283).

Monetary Policy

In referring to the work put in hand in connection with the Franco-German scheme for a European monetary system (see p 284), the Presidency's note states: 'There will be concurrent studies of the action needed to be taken to strengthen the economies of the less prosperous member countries in the context of such a scheme: such measures will be essential if the zone of monetary stability is to succeed.'

The note also includes the following passage: 'The heads of Government of Belgium, Denmark, the Federal Republic of Germany, Luxembourg and the Netherlands state that the "snake" has not been and is not under discussion. They confirm that it will remain fully intact.' (The 'snake' is a

scheme under which exchange rates between any two of the participating currencies cannot diverge from the agreed cross-parities by more than 2·25 per cent.)

Details of the Proposed European Monetary System

The annex to the Presidency's note, which sets out the proposed monetary scheme, is reprinted below.

'1 In terms of exchange rate management the European monetary system (EMS) will be at least as strict as the "snake". In the initial stages of its operation and for a limited period of time, member countries currently not participating in the "snake" may opt for somewhat wider margins around central rates. In principle, interventions will be in the currencies of participating countries. Changes in central rates will be subject to mutual consent. Non-member countries with particularly strong economic and financial ties with the Community may become associated members of the system. The European currency unit (ECU)[1] will be at the centre of the system: in particular, it will be used as a means of settlement between EEC monetary authorities.

'2 An initial supply of ECUs (for use among Community central banks) will be created against deposit of US dollars and gold on the one hand (eg 20 per cent of the stock currently held by member central banks) and member currencies on the other hand in an amount of a comparable order of magnitude. The use of ECUs created against member currencies will be subject to conditions varying with the amount and the maturity: due account will be given to the need for substantial short-term facilities (up to 1 year).

'3 Participating countries will co-ordinate their exchange rate policies *vis-a-vis* third countries. To this end they will intensify the consultations in the appropriate bodies and between central banks participating in the scheme. Ways to co-ordinate dollar interventions should be sought which avoid simultaneous reverse interventions. Central banks buying dollars will deposit a fraction (say 20 per cent) and receive ECUs in return: likewise, central banks selling dollars will receive a fraction (say 20 per cent) against ECUs.

'4 Not later than two years after the start of the scheme, the existing arrangements and institutions will be consolidated in a European monetary fund....

'5 A system of closer monetary co-operation will only be successful if participating countries pursue policies conducive to greater stability at home and abroad: this applies to deficit and surplus countries alike.'

Prime Minister's Statement

In a statement to the House of Commons (*Hansard*, 10.7.78, cols 1025-41), the Prime Minister, Mr James Callaghan, said that the Council had been informed by the President of the Commission that the rate of growth in Community countries this year, on present policies, would be lower than expected, and it had been agreed that 'increased growth is a crucial objective to improve employment prospects'. The Council called for decisions within the framework of the European Social Fund concerning youth unemployment to come into force on 1 January 1979 (see p 285). All member states would take necessary measures to increase growth according to their own individual circumstances, but, said Mr Callaghan, 'we agreed that countries with smaller inflation and balance of payments problems will do more to increase domestic demand'.

It had been agreed that a zone of monetary stability in Europe was 'a highly desirable objective, as part of the concerted international action needed for economic recovery.' A scheme for a European monetary system had been put forward for consideration by the Federal German and French Governments (see p 281). A number of heads of Government, including Mr Callaghan, had wished to see details fully worked out before entering into any commitment. It had therefore been agreed that finance ministers would formulate guidelines for a possible scheme 'taking as a starting point at their meeting on 24 July [see p 283] the Franco German proposals'. Officials would subsequently elaborate the necessary provisions by 31 October, and the final scheme would be presented to the December meeting of the European Council 'for decision and commitment'. This timetable would permit, said Mr Callaghan, 'the fuller preparation and consideration which is essential for a durable scheme', and he added that Britain would play its full part in the forthcoming studies.

Mr Callaghan went on to say that the Government had taken the view throughout the discussions that 'monetary arrangements are not enough by themselves to ensure a zone of monetary stability'. Any new system had to be one 'which will last and will take full account of the economic as well as monetary interests of each member of the Community'. He had, therefore, in company with others, pressed for parallel studies to be made of the action that was necessary to ensure a greater convergence in the economies of member countries, 'especially in such matters as the commitments to growth and transfers of real resources', and it had been agreed to carry out such studies.

There had been a related discussion arising out of the need for a better use of resources in supporting Mediterranean agriculture. This had led to 'an extensive discussion of the Common Agricultural Policy as a whole, which brought out the dissatisfaction felt by a number of member Governments with the present scale of agricultural expenditure and with the cost of financing surplus production'. Mr Callaghan described this as 'the most thorough and frank discussion of the defects of the Common Agricultural Policy' in which he had participated in the Community, and said that it had revealed 'a great deal of support for our wish to see a more balanced distribution of the use of Community resources as a whole'. The Commission had been asked to review the question of agricultural expenditure and to put forward proposals in time for the next meeting of the European Council in December.

The Council had adopted energy objectives for 1985, calling for the reduction of the Community dependence on imported energy, including oil, to 50 per cent of its total requirements. It had also emphasised the need for other industrial countries to set themselves similar objectives.

[1] 'The ECU has the same definition as the European unit of account' (see p 284).

The Council had expressed its readiness to make progress in its relations with the developing countries on such matters as trade, commodity support, stabilisation of export earnings and assistance.

There had been a discussion on the situation in the Middle East and in Africa. The Council 'regretted the lack of progress towards a settlement in the Middle East', and reaffirmed the principles set out in the declaration it had issued last year (see p 266, 1977). It had expressed support for the efforts being made, by Britain and others, towards seeking early and peaceful independence for Namibia and Zimbabwe on the basis of negotiated and internationally acceptable solutions (see pp 205-12).

ECONOMIC POLICY

Community Budget

There was a meeting of the Council of Ministers on 18 July to discuss the establishment of the Community's draft general budget for 1979. The draft budget, which totals approximately 13,000 million European units of account (mEua) in payment appropriations and 13,800 mEua in commitment appropriations,[1] will now be submitted to the European Assembly.

Britain was represented at the Council meeting by the Chief Secretary to the Treasury, Mr Joel Barnett, who restated Britain's opposition to the continuing growth of expenditure on agricultural price support. 'I must make it quite clear', he said, 'that given the already huge total of agricultural expenditure and the proportion it represents of the total budget, the prospect of it continuing to grow in real terms is completely unacceptable.' Noting that at the summit meeting in Bremen the European Council had asked the Commission to review the cost of the Common Agricultural Policy (CAP) and the problem of surpluses (see p 282), Mr Barnett emphasised that, in approving the agricultural appropriations in the preliminary draft budget for 1979, he was doing so 'on the assumption that action will be taken to [effect] a substantial reduction in the cost of the Common Agricultural Policy in the budgets for 1980 and future years'. He went on: 'I must reiterate our view that such a reduction could only be achieved if there is no increase in the prices of surplus products until the burden of those surpluses has been removed. A clear decision in this sense on prices could, as necessary, be reinforced if we, as finance and budgetary ministers, were able to set a cash limit on agricultural expenditure which would have to be respected by our agricultural ministers in taking their decisions, rather than as has always happened in the past, leaving us to fund whatever money is required to meet agricultural policies that build up bigger and bigger surpluses.'

Mr Barnett pointed out that the proportion of the Community budget taken by agriculture was around 70 per cent, and quoted a Commission forecast which estimated that, if the agricultural support system continued to grow as it had in the past, the agricultural budget would expand by 19 per cent in 1980 and a further 14 per cent in 1981, compared with an assumed general annual rate of inflation in the Community of about 6 per cent.[1] Describing the high proportion of the Community budget taken up by agriculture as a misuse of resources, he said that this situation led 'in many cases to a transfer of resources away from the less prosperous areas of the Community to the more prosperous', and thus actually worked against the objective of economic convergence.

In a report to the House of Commons on the meeting (*Hansard*, 21.7.78. written answers, cols 419-23), Mr Barnett said that the Council had approved, as part of the draft budget, payment appropriations of 620 mEua for the Regional Development Fund, and 672·5 mEua for commitment appropriations, and 470 mEua for payment appropriations for the Social Fund, with additional appropriations of 40 mEua for commitments and 18 mEua for payments on new measures for young people. In respect of this last item Mr Barnett expressed his 'great disappointment' that the Council was not able to approve higher provisions, though it had agreed that it might be able to consider a supplementary budget. Appropriations of 25 mEua for commitments and 30 mEua for payments were approved for the energy sector, and 60 mEua for aid to non-associates.

Mr Barnett stated that, in the discussion on the overall cost of the CAP, he had refuted the view, advanced by some member states, that expenditure on monetary compensatory amounts (MCAs) on Britain's agricultural imports simply represented a benefit to the British housewife in the form of lower prices. 'I made quite clear', he said, 'that . . . these MCAs are part of the cost of supporting producers in other member states at excessively high prices, since they enable them to find in the United Kingdom a market which might otherwise not exist for their surplus output.'

European Monetary Proposals

In a statement to the House of Commons (*Hansard*, 27.7.78, cols 1786-90) the Chancellor of the Exchequer, Mr Denis Healey, gave details of the meeting of the Council on 24 July concerned with economic and monetary affairs. The Council had called upon the Monetary Committee and the Committee of Governors of the Central Banks to examine, in co-operation with the Commission, 'in the light of the discussions at the present meeting and at that on 19 June' the system put forward at the European Council (see p 281) relating to the creation of a closer monetary co-operation. The Council had also called on the Economic Policy Committee to study the action which needed to be taken, within the framework of a European monetary system, to strengthen the economies of the less prosperous member states. Both sets of committees had been asked to report back to the Council in time for its meeting on 18 September.

In reply to a subsequent question on the importance of the proposed currency stability scheme, Mr Healey said that the benefits of such a scheme

[1]The Community budget differentiates between appropriations for commitment, that is, where there is a long-term commitment to projects which may require annual payments over a number of years, and appropriations for payment, that is, sums expected actually to be paid out during the financial year. The European unit of account is currently worth £0·67.

[1]For an account of the agreement on agricultural support prices for 1978-79, see pp 200-1.

depended entirely on its nature and terms. 'The British Government strongly take the view', he said, '. . . that a form of scheme which had a deflationary effect on the Community would be very damaging to world growth. A form of scheme which relaxed the constraints on growth imposed by the anarchy in the currency markets at the present time would have a benign effect on the economies of the Western world, and the discussions which I have described are designed to achieve the good outcome to which I have referred.'

At the meeting, the Council also established a common approach on a draft regulation on the application of the European unit of account (Eua) to legal acts adopted by the institutions of the Community, including its use as an instrument of management of the general budget (see p 283). The Eua comprises a basket of the nine national Community currencies, and its value against each is calculated daily by the Commission. The Eua will replace the unit of account (ua), based on the value of gold, which is at present used in certain Community transactions.

FISHERIES

Fisheries were discussed during the Council meeting on 24 and 25 July.

Britain's Objection to Voting

The President of the Council, who is at present the representative of the Federal Republic of Germany, wished to apply the 'qualified majority' voting procedure[1] to a proposed regulation, which was to be adopted under Article 43 of the Treaty of Rome.[2] Britain objected, and finally the Council took note of a British declaration, inserted in the minutes, that 'in agreeing to the recital of Article 43, the United Kingdom states that it insists on the right, in relation to this and other regulations concerning fishery matters, to invoke its fundamental national interests'.

In his report to the House of Commons about the meeting (*Hansard*, 28.7.78, written answers, cols 755-6), the Minister of Agriculture, Fisheries and Food, Mr John Silkin, said that acceptance of voting on fishery matters 'would inevitably have prejudiced our stand for a just settlement of the common fisheries policy'. He continued : ' . . . after protracted debate in which I re-emphasised the Government's refusal to accept this procedure, I established clearly that the United Kingdom could not be compelled to accept voting on fishery matters which affect our fundamental national interest. This was subsequently demonstrated in the Council when I opposed the conclusion of framework agreements with the Faroes, Sweden and Norway.' [By convention, no vote is taken in the Council whenever a member country asserts that its fundamental national interests are affected by the issue under discussion. It is Britain's view that decisions on external and internal aspects of the Community's fishery regime should not be reached separately – see p 412, 1977.]

Quotas in Norwegian and Faroese Waters

The Council agreed on the division among member countries of the Community's catch quotas off northern Norway from 1 August to 31 October, and off the Faroes from 1 August to 31 December.

External Relations

The Council agreed on catch quotas and other conservation measures to be applied to Faroese, Norwegian and Swedish vessels fishing in the Community states' waters and to Canadian vessels fishing off the west coast of Greenland.

Internal Matters

Fishery Protection

The Council agreed on the provision of funds to assist coastal states to maintain effective fishery protection in their waters. Funds were allocated for this purpose to Denmark and the Irish Republic, but the arrangement may be extended to other countries.

Aid to Inshore Fishing and Fish Farming

The Council also agreed to a limited scheme of aid for investment in inshore fishing and fish farming in suitable regions. The scheme does not extend beyond the end of 1978.

Isle of Man Herring

In his House of Commons answer, Mr Silkin also referred to the problem of herring stocks. He said: '. . . I drew the Council's attention to the latest scientific advice regarding the herring fishery around the Isle of Man but the Council did not reach any conclusion on measures to conserve this stock'.

AGRICULTURE

Botswana Beef and Veal

At its meeting on 25 July the Council decided to allow the resumption of imports of beef and veal from the southern region of Botswana; these imports had been suspended for several months because of an outbreak of foot-and-mouth disease in the north of the country. Reporting this decision to the House of Commons (*Hansard*, 28.7.78, written answers, cols 756-7), the Minister of Agriculture, Fisheries and Food, Mr John Silkin, said that urgent consideration would be given in early September to allowing imports from other disease-free areas.

Botswana's beef and veal exports (most of which go to Britain) are of vital importance to that country's economy (see p 458, 1977).

ENERGY POLICY

Britain postponed the signing of a nuclear safeguards agreement with Australia for the future supply of uranium following objections made by the Commission on the grounds that the agreement would restrict Britain's freedom to transfer any of the uranium to other member countries. A Department of Energy press notice, issued on 27 July, said that 'the Government does not accept that the

[1] When this procedure is followed, member states' votes have different weights attached to them (Britain, France, the Federal Republic of Germany and Italy – 10 each; Belgium and the Netherlands – 5 each; Denmark and the Irish Republic – 3 each; and Luxembourg – 2). For a proposal to be adopted, at least 41 votes must be cast in its favour.

[2] Article 43 refers to agricultural regulations.

objections raised by the Commission are well founded since the agreement was negotiated in full conformity with the United Kingdom's obligations as a member state of Euratom'. The Commission's decision to block the agreement, it said, 'cannot possibly be considered in the interests of the Community or its members, and directly conflicts with an important national interest of the UK'.

TRADE AND INDUSTRY

A meeting of the Council of Ministers on 25 July discussed a number of issues relating to trade and industrial matters, including the iron and steel and shipbuilding industries and textiles.

Iron and Steel

The Council took stock of the situation in the Community steel market following implementation of recent measures to strengthen the anti-crisis arrangements agreed in December (see p 8). The new measures provide for the lodging of deposits in cases where there has been an infringement of the minimum prices set by the Commission for certain iron and steel products. The scheme covers trade between Community member states and exports from member states to Austria, Finland, Norway, Portugal and Sweden. The Council also discussed the guidelines to be adopted for the restructuring of the iron and steel sector.

Shipbuilding

The Council reached provisional agreement, subject to a British reserve, on the text of a resolution on the shipbuilding industry. This resolution would be based on the need to maintain within the Community 'a healthy and competitive shipbuilding industry whose scale of activity would be consistent with the size of the Community's maritime trade and would respect its economic, social and strategic significance'.

Textiles

After receiving satisfactory assurances from the Commission that it would take action to ensure that the agreed ceilings on low-cost textile imports would be strictly enforced and that new restraints would be imposed promptly when the need arose, Britain joined with the Council in agreeing to the arrangements negotiated by the Commission with Greece, Portugal and Spain concerning the regulation of imports of textile products for 1978.

SOCIAL POLICY

On 29 June a meeting of the Council of Ministers concerned with labour and social affairs agreed on a resolution on an action programme for safety and health at work. The aim of this resolution is to increase the protection of workers against all kinds of occupational risks, and the Council called for a number of measures in this area to be taken within the four-year period to the end of 1982. It also adopted a directive to protect the health of workers exposed to vinyl chloride monomer (a plastic substance widely used for industrial purposes).

The Council also considered proposals put forward by the Commission for a new category of aid under the European Social Fund (see pp 9-10) to promote employment of young people through support for recruitment subsidies and job creation programmes. However, it was not possible to reach final agreement on this issue at the meeting, and it was agreed to report the matter to the meeting of the European Council in Bremen (see p 282).

EXTERNAL RELATIONS

Latin America

The first session of the ninth meeting at ambassador level between the Community and the countries of the Latin American Group[1] was held on 29 June in Brussels. The meeting approved a report from a joint working party on trade questions, which contained a preliminary analysis of trade relations between Latin America and the Community, and instructed the working party to prepare a final report for the next session. There was also a general discussion on developments in the world economic situation and the state of relations between Latin American countries and the Community. Both sides emphasised the importance they attached to a constructive continuation of the North-South dialogue (see pp 228-9, 1977) and the multilateral trade negotiations (see p 149, footnote 2), and the Latin American side commented favourably on steps taken by the Community in the fields of trade promotion and development assistance.

Lebanon

Foreign Ministers of the nine member states issued a statement on 6 July on the situation in Lebanon following the recent outbreak of violence in and around Beirut between Christian militias and the Syrian armed forces which make up the bulk of the Arab League peacekeeping force in Lebanon (see p 225, footnote 1, 1977). The statement said that the Community viewed with concern 'the increasing gravity and growing dangers of the situation in the Lebanon', and urged all the parties concerned to exercise the maximum restraint in order to bring to an immediate end the fighting which 'endangers not only the existence of the Lebanon but also the stability of the region as a whole'. The statement went on to say that, while recognising the great difficulties that confronted President Sarkis,[2] the office of the presidency was 'the symbol of the sovereignty and unity of the Lebanon'. The Nine hoped that the President and the Government would 'persevere in their efforts to restore peace and security throughout the whole of the Lebanon', and they expressed their support for these efforts. The statement concluded by looking forward to the achievement of an effective ceasefire, and warned that in the meantime no action should be taken 'which might prejudice the integrity of the Lebanon'.

Declaration on Soviet Dissidents

Following the sentencing of three prominent mem-

[1] The Latin American Group consists of the Latin American countries which, together with certain Western industrialised countries, belong to the Special Commission for Latin American Co-ordination.

[2] It was reported on 6 July that President Sarkis wished to resign, but on 15 July he announced his intention to continue as President on the condition that he received effective support from all groups within the country.

bers of the Moscow Helsinki monitoring group in the Soviet Union (see p 289), the Governments of the Nine issued a declaration deploring such action. The declaration recalled the Nine's earlier statement in May (see p 201), and said that it was their firm conviction that 'the CSCE [Conference on Security and Co-operation in Europe, see pp 305-12, 1975] process will be in danger if certain states implement the Final Act only in limited areas'. As signatories of the Helsinki Final Act, Community Governments had the right to express concern 'at the measures of repression being taken on an increasing scale by the Soviet Union and some other states against citizens who make use of their rights of freedom of opinion and conscience'. In the Final Act the participating states had committed themselves to respect human rights and fundamental freedom and had confirmed the right of the individual to know and act upon his rights and duties in this field. The Nine, therefore, deplored 'the further repressive actions of the Soviet Union', which were contrary to the Final Act and incompatible with *détente*, and which disregarded the strongly expressed views of CSCE signatory states.

United Nations Special Session on Disarmament: White Paper

The British Government on 7 July published a White Paper[1] on the United Nations special session on disarmament (see pp 201-4). The White Paper states briefly what the Government intends to do to implement its views on disarmament; summarises the background to and proceedings of the session; and sets out the Government's appraisal of what the session achieved. The Government finds that the special session achieved some useful results – notably in reforming the machinery for international disarmament negotiations – despite paying less attention than Britain would have wished to subjects such as nuclear non-proliferation and the build-up of conventional arms. The full texts of the Final Document adopted by the session, and of other relevant documents and speeches are also included.

The special session of the General Assembly of the United Nations (UN) ended on 1 July. It was attended by delegates from 149 countries, and many heads of Government, including Britain's Prime Minister, Mr James Callaghan, made important policy speeches. The main result of the session, the restructuring of the Conference of the Committee on Disarmament (see p 203), was one to which Britain made an essential contribution.

The White Paper is summarised below.

The Way Ahead

The White Paper notes that 'Britain has played a leading part in the negotiation of all multilateral disarmament negotiations since the war'.[1] The Partial Test Ban Treaty (see pp 744-9, 1963) and the Non-Proliferation Treaty (see pp 621-7, 1968) were 'useful achievements'. Britain had given high priority to the special session, wanting it to be 'a stimulus to progress towards success in existing negotiations and towards starting new negotiations'. The session had been significant, even if the concrete results were less than had been hoped for.

The task now was 'to work in all possible ways to implement the ideas [Britain] put forward at the special session'. The 'first and most immediate priority will be to achieve success in [the] tripartite negotiations with the United States and the Soviet Union on a comprehensive test ban treaty and to maintain and accelerate the momentum injected recently into the MBFR [mutual and balanced force reductions] talks in Vienna . . . . Success in these two negotiations [see p 86] would be a major achievement in arms control and for *détente*.' Britain had put forward new proposals in the test ban negotiations, and 'agreement should be possible within months'. In the force reductions talks, 'the Eastern response to the latest Western proposals has been encouraging. Following a British suggestion, the Western participants will be ready . . . to raise the talks to ministerial level.'

In addition, the White Paper states, Britain will 'continue to support [United States] efforts to achieve a second strategic arms limitation agreement with the Soviet Union' [see p 86]. It is hoped that this will be 'followed urgently by further strategic arms negotiations resulting in significant cuts in stockpiles of delivery vehicles as well as controls on qualitative improvement'.

Britain will also pursue 'the ideas for a ban on chemical weapons on which [it] tabled a draft convention in 1976; regional arrangements to curb the international arms trade; and genuine, balanced reductions in the military budgets of as many states as possible'.

Britain's future task will be 'to do everything to achieve multilateral disarmament treaties, with full verification to enable all parties to have confidence in compliance by others'. Such agreements could free resources for other purposes, including development aid, and are 'stepping stones towards a safer world'.

The Special Session

The White Paper notes that the proposal for a special session had first been made in 1961 by heads of Government of non-aligned states. It had been revived at the non-aligned summit in Colombo in 1976 and the UN General Assembly in December of that year had adopted the plan to hold a special session on disarmament. Britain had viewed the special session as a means of giving fresh impetus to disarmament negotiations by improving the

[1]*United Nations No 1 (1978). The United Nations Special Session on Disarmament. New York, 23 May to 1 July 1978.* Cmnd 7267. HMSO, £2.25. ISBN 0 10 172670 8.

[1]See COI reference pamphlet, *Arms Control and Disarmament*, R6031/77.

international atmosphere. The non-aligned states, however, had seen it as 'an opportunity to put pressure on the nuclear weapon states . . . to make faster progress in disarmament talks – especially those on nuclear weapons and other weapons of mass destruction'. There was also concern that the session would not be attended by all the major powers, or that it might become merely 'the scene for polemics'. Nevertheless Britain had continued to look for a successful outcome from the session and had, with other Western states, put forward drafts for a Final Document (in three sections – a declaration on disarmament, a programme of action, and a paper on international machinery for disarmament negotiation) with which it was hoped that all states would be able to agree. The White Paper summarises these Western drafts – pointing out the main British contributions – as well as papers put forward by East European states and by the non-aligned states. It also extracts the main points from speeches made in the general debate with which the special session opened. Difficulties were encountered in drafting the Final Document and the session was extended slightly by three days in order that agreement could be reached on it.

The Final Document – the British View

Britain's views on each section of the Final Document (see p 288 for summary) are set out in the White Paper.

Declaration

'The Declaration contains some useful points. It states that the ultimate objective in the disarmament process is general and complete disarmament under effective international control. As priorities, it lists effective measures of nuclear disarmament and the prevention of nuclear war; prohibition of other weapons of mass destruction; and balanced reduction of armed forces and conventional armaments. A section on principles to govern negotiations says that the objective at each stage of disarmament should be undiminished security at the lowest possible level of armaments and military forces. The need for adequate verification measures is stressed. States are called upon to abide by the UN Charter and refrain from actions which might adversely affect disarmament efforts.

'Taken as a whole, however, the declaration suffers from a lack of balance through insufficient emphasis on measures to limit conventional weapons and on the need to prevent the spread of nuclear weapons.'

Programme of Action

'The programme of action sets out measures needed in disarmament in "the next few years". The sections on nuclear matters set the ultimate goal of the complete elimination of nuclear weapons. Various measures are listed which could form part of this process. There are positive sections on the need for a comprehensive test ban treaty and further agreements on strategic arms limitation. Nuclear weapon states are called upon to give negative security assurances, such as the Soviet Union, the United States and Britain gave during the session [see pp 258-9]. The section on non-proliferation of nuclear weapons starts with a statement of the need for action. But the subsequent reference to the Non-Proliferation Treaty is very brief and there is no list of measures needed, such as appeared in the Western draft for the programme of action. The section on other weapons of mass destruction gives proper emphasis to a ban on chemical weapons. Curbs on conventional weapons receive less attention than nuclear measures. There is encouragment for the efforts being made in the Vienna negotiations on mutual and balanced force reductions in Europe. The brief and rather qualified reference to consultations on limiting transfers of conventional weapons is far less positive than Britain wanted. The passage on reduction of military budgets is also general and, unlike the Western draft programme of action, does not call for the testing of a means of comparing budgets so that actual reductions can be planned. Whereas the Western draft programme advocated a range of confidence-building measures, the Final Document is much less specific. Its only concrete suggestion is the idea, advanced by the United Kingdom in the preparations for the special session, of using "hot lines", and other methods of reducing the risk of conflict, in areas of tension.

'Although a number of interesting proposals for studies by the United Nations on aspects of disarmament were put forward during the preparations for the special session, the Soviet Union opposed decisions on such studies during the session. The earlier decision to hold a UN study on the relationship between disarmament and development was confirmed. But other proposals were not endorsed in the Final Document. It was particularly disappointing that certain non-aligned states maintained at the special session their opposition to a UN study on the world-wide build-up of conventional arms, which Britain had seen as a first step towards concrete agreements on the subject.'

Machinery

'The third section of the Final Document – about international machinery for disarmament – contained the most significant concrete result of the special session. Britain played a central role in securing agreement on a package of reforms to make the Conference of the Committee on Disarmament [CCD] in Geneva more representative. A way was found of reconciling the French desire for a new body with Soviet preference for very limited change. As proposed in the British speech on 2 June, the co-chairmanship of the CCD was abolished and the CCD was brought closer to the United Nations without endangering its practice of taking decisions by consensus. France agreed to participate in the new Committee on Disarmament.[1] Provision was made for China to join and for between five and eight additional members to be selected after the special session. The same section of the Final Document said that the date of a further special session should be decided by the next regular session of the General Assembly.'

[1]Although a member of the CCD, France has never been represented at its meetings or taken part in its work.

Appraisal

An overall appraisal of the special session is given in the White Paper. 'The special session produced some good results. It provided the occasion for the widest-ever international discussion of disarmament at a high level. It was significant that all states were able to agree on a Final Document expressing for the first time the views of the whole world on disarmament. It was also valuable that the session encouraged more states to take an active interest in disarmament and attracted greater public attention to the subject. The agreement to reform the CCD was a worthwhile step forward.

'At the same time it was regrettable that certain good ideas were left out of the Final Document, which paid less attention than Britain wanted to some important subjects, especially nuclear non-proliferation and international arms transfers.

'Despite these disappointments, the session served a useful purpose. States must now show their determination to make concrete progress in arms control negotiations.'

The Final Document – Summary

A very brief guide to the contents of the Final Document is given below. The figures in parentheses refer to numbered paragraphs.

(1-10) Introduction.

Declaration

(11-18) 'Review and Appraisal' – points out the dangers and the costs of the continuing arms race, underlines the urgent need for action, and states that the role of the United Nations in the sphere of disarmament must be strengthened.

(19-24) 'Goals and Priorities' – the ultimate goal is general and complete disarmament under effective international control; progress should be made towards agreement on nuclear disarmament (the highest priority), prohibitions on other weapons of mass destruction, balanced reduction of armed forces and conventional weapons (particularly for nuclear-weapon states), limitations on transfers of conventional arms, and restrictions on conventional weapons that have excessive, unnecessary or indiscriminate effects; confidence-building measures should be adopted.

(25-42) 'Principles' – disarmament negotiations should be guided by the principles of the UN Charter and by other generally accepted principles of international law, chiefly refraining from the threat or use of force and respecting the sovereignty, territorial integrity and political independence of all states; negotiations should provide for adequate measures of verification; nuclear-weapon-free zones should be established; resources released by disarmament should be devoted to economic and social development; all states must have the right to acquire nuclear technology, under appropriate international safeguards, for peaceful uses; efforts must be made to restrict qualitative as well as quantitative improvements in armaments.

Programme of Action

(43-46) Restatement of objectives (see 19-24 above).

(47-111) Immediate and short-term measures in the following fields: nuclear disarmament (differing views on a halt to nuclear weapon tests are noted between nuclear- and non-nuclear-weapon states); conclusion of the second strategic arms limitation talks; measures to avoid the use of nuclear weapons (including assurances by nuclear-weapon states); the establishment of nuclear-weapon-free zones and 'zones of peace'; prevention of nuclear proliferation; prohibition of chemical, bacteriological and radiological weapons, of military uses of environmental techniques, and of the continuation of the arms race on the ocean floor or in outer space; the reduction of armed forces and conventional weapons, particularly in Europe; promotion of agreements on a bilateral, regional and multilateral basis; limitations on the international transfer of conventional weapons; prohibitions on particularly inhumane weapons; reduction of military budgets; examination of the problems of verifying the implementation of disarmament agreements; other measures to build up confidence, including the elimination of accidents; examination of the relationship between disarmament and development; endeavours in the fields of studies, information, education and training in order to mobilise world opinion on disarmament; and the elaboration by the Committee on Disarmament (see below) of a comprehensive programme for disarmament.

Machinery

(112-118) A Disarmament Commission,[1] composed of all UN members, is to be established as a subsidiary organ of the General Assembly. One of its tasks will be to follow up the decisions and recommendations of the special session and report to the General Assembly. A second special session on disarmament is to be held at a date to be decided by the General Assembly.

(119-124) The General Assembly welcomes the agreement reached among member states on the restructuring of the CCD, the international negotiating body on disarmament.[2] The new body is to be called the Committee on Disarmament and is to convene in Geneva by January 1979. A world disarmament conference should be convened as soon as possible; the research and information activities of the UN Centre for Disarmament should be increased; an advisory board is to be set up to assist the UN Secretary-General; subjects for further study, arising from the special session, are listed.

(125-8) Reaffirmation of determination to work for disarmament. Concluding remarks.

There are 21 annexes appended to the Final Document, giving background information, including the texts of important speeches and papers contributed by Britain and other Western states before and during the special session.

[1]The Commission is successor to an earlier UN Commission on disarmament that has not met since 1965.

[2]Among the most important changes are that membership is to rise from 30 to between 37 and 40; and Soviet and United States co-chairmanship is to be replaced by rotating chairmanship, supported by an executive secretary appointed by the UN Secretary-General.

Anglo-Soviet Relations: Statements by Dr Owen

The Foreign and Commonwealth Secretary, Dr David Owen, made a statement in the House of Commons on 10 July about the trials in the Soviet Union of members of the groups monitoring Soviet compliance with the provisions of the Final Act of the Helsinki Conference on Co-operation and Security in Europe (CSCE, see pp 305-12, 1975). Further comments on the issues involved were made during July by Dr Owen and the Prime Minister, Mr James Callaghan. In particular, on 18 July, Dr Owen made a statement about progress made in the implementation by the Soviet Union and its allies of the provisions of the Final Act.

TRIALS OF HELSINKI MONITORING GROUP MEMBERS

On 10 July, Anatoly Shcharansky and Alexander Ginzburg, both members of groups monitoring the implementation in the Soviet Union of the provisions of the Helsinki Final Act, were put on trial in Moscow and Kaluga respectively. Mr Shcharansky was charged with offences that included espionage, was found guilty, and was sentenced on 14 July to a total of 13 years' imprisonment. Mr Ginzburg, who was found guilty on charges of anti-Soviet agitation and propaganda, had been sentenced on 13 July to eight years' imprisonment. The trials followed that of Dr Yuri Orlov, on similar charges, in May (see p 205).

On the day that the two trials began, Dr Owen made the following statement in the House of Commons (*Hansard*, 10.7.78, cols 1041-2):

'The whole House will deplore the fact that the Soviet Government have now put on trial 15 members of the Helsinki monitoring group. The Helsinki Final Act states that individuals have the right to know and act upon their rights and duties in the field of human rights. These trials, inasmuch as the charges relate specifically to activities fully compatible with the Helsinki Final Act, are in direct contravention of the spirit and intention of the Act.

'The British Government have repeatedly warned the Soviet Government of the consequences which their handling of such cases could have for the atmosphere of their relations with the United Kingdom, and for the chances of making progress on vital issues in East-West relations generally. I personally made this clear to the Soviet Foreign Minister when I met him on 1 June.

'A preparatory meeting for the CSCE scientific forum is now taking place in Bonn. I have instructed our representatives to raise at the earliest opportunity Soviet actions in relation to the Helsinki monitoring group and to make it crystal clear that we expect all the provisions of the Act to be implemented.'

Spokesmen for the official Opposition and for the Liberal Party indicated their agreement with Dr Owen's statement.

In response to questions, Dr Owen spoke on the specific action open to the Government (*Hansard*, 10.7.78, cols 1042-50). Britain had already stopped a bilateral sporting agreement being signed following the trial of Professor Orlov; it was still being held up. He did not believe it would be right for Britain to call off talks on *détente* or to break trading relations: '. . . it is wise to make a distinction between discussions involving military *détente* such as SALT [strategic arms limitation talks], CTB [comprehensive test ban treaty] and MBFR [mutual and balanced force reductions] [see p 86] and trading and commercial matters – those are best left to carry on in the normal way – and those other aspects which are cultural, sporting and [related] to the Helsinki Final Act, where I think there is a strong case for individual actions to take effect'. In these latter activities, he said, 'the decisive voice often is not the Government's but the people's'. On the question of trade, and, in particular, on the transfer of technology, Dr Owen said: 'It is one thing for us to withhold technology, but all the signs are that many other countries, many of them our allies, would not do the same. We would put our own industry and economic prosperity at risk . . . . It is best that action be taken collectively . . . .' However, the Soviet Union would have to understand that there was a connection between *détente* and the trials that were taking place. 'The Soviet Union must recognise that the people of the United Kingdom will not accept that there can be progress with *détente* and an improvement in relations between our two countries without progress being made on individual human rights.'

Earlier, the Prime Minister had told the House that it was clear that if the Soviet Union went ahead with the trials it would 'place a very severe test upon relations between it and other countries' (*Hansard*, 10.7.78, cols 1028-9).

IMPLEMENTATION OF HELSINKI FINAL ACT

On 18 July, in response to a question from the former Prime Minister, Sir Harold Wilson, Dr Owen set out the progress that had been made by the Soviet Union and its allies in implementing the Helsinki Final Act (*Hansard*, 18.7.78, written answers, cols 145-8). There had, he said, been little progress in implementation since the publication of the Government White Paper at the conclusion of the Belgrade meeting (see pp 115-17). A number of agreements had been concluded with Romania (see pp 256-7) and some personal and family reunification cases had been settled. However, as could be seen from the recent trials, there had been 'a marked deterioration in the implementation of principle VII of the Final Act, "The Respect of Human Rights and Fundamental Freedoms", in the Soviet Union.' Although at the trials 'the indictments did not mention the Helsinki monitoring groups as such, action against these people appears to be related to their activities in monitoring the implementation of the provisions of the Final Act and drawing attention to instances of non-implementation of human rights provisions'.

In addition, since Belgrade, there had been further cases of distinguished Soviet citizens who had been deprived of their citizenship while travelling

abroad, and two critics of the German Democratic Republic had received harsh sentences recently.

The Soviet Union had given adequate notification of a major military manoeuvre, held in July; observers had not on this occasion been invited.

The Soviet Union and its allies had continued since Belgrade 'to stress the importance of the Final Act provisions concerning trade and industrial co-operation and to argue that the introduction of certain measures by Western Governments is protectionist and contrary to the Final Act.

'There has been no observable improvement in the Soviet Union or in Eastern Europe in the provision of facilities for business men, including contacts with end-users, or in the provision of economic and commercial information.'

Dr Owen enumerated personal cases and family reunifications dealt with since Belgrade and quoted figures to show that greater numbers of Jews were being allowed to emigrate from the Soviet Union. The number of emigration visas issued in the German Democratic Republic had also increased. More generally, he said, 'foreign travel has continued to become marginally easier in some East European countries'. There had been no other significant developments under the heading of 'Human Contacts'. Some Western books were on sale in Moscow, but there was no other detectable improvement in the circulation of Western newspapers in Eastern Europe, and Western journalists in the Soviet Union had been subjected recently to harassment. The Soviet Union and its allies had continued to implement satisfactorily bilateral cultural, educational and scientific exchange agreements that they have with Britain. Dr Owen concluded: 'The CSCE process is a long-term one. It is unrealistic to expect rapid progress in the implementation of the Final Act. But it is right to expect and press for steady progress in all three baskets,[1] and the Government will do so. I have instructed our posts in the Soviet Union and Eastern Europe to provide regular assessments of the progress made by their host Governments in implementing the Final Act, and will make such information available to the House on a six-monthly basis between now and the opening of the Madrid CSCE Review Conference in autumn 1980.'

BRITISH ACTION

On 27 July Dr Owen gave details of steps taken by the British Government in protest at the failure by the Soviet Union to implement some of the human rights sections of the Helsinki Final Act (*Hansard*, 27.7.78, written answers, cols 601-2). He said that he had 'expressed the outrage of British opinion at Soviet actions' by advising that a visit of the Soviet Minister for the Coal Industry should be postponed. Furthermore, the Secretary of State for Defence, Mr Frederick Mulley, had decided, on Dr Owen's advice, to postpone a visit to the Soviet Union by officers of the Royal Air Force Staff College, and to withdraw a British Services team from the world helicopter championships which were to be held in the Soviet Union.

[1]The three main sections of the Final Act, dealing with security, economic and scientific co-operation and humanitarian issues.

Namibia

As recommended in the proposal of the five Western members of the UN Security Council for an internationally acceptable solution to the Namibian problem, a resolution authorising the appointment of a United Nations Special Representative for Namibia was adopted on 27 July. Another resolution affirming Walvis Bay to be 'an integral part of Namibia' was also approved. The Security Council's action was welcomed by Britain's Secretary of State for Foreign and Commonwealth Affairs, Dr David Owen, who spoke of its profound implications for the whole of southern Africa.

The proposal of the five Western powers (Britain, Canada, the Federal Republic of Germany, France and the United States) was published in April, but consideration of it by the Security Council (see pp 155-8) had been delayed as a result of the cancellation of 'clarification' talks on the proposal, scheduled for 8 May, between representatives of the five powers and the South West Africa People's Organisation (SWAPO). On 11 June, however, after attending a meeting of the Front Line States (Angola, Botswana, Mozambique, Tanzania and Zambia) in Luanda, SWAPO announced that it was prepared to resume talks to resolve the remaining unsettled issues. These took place in Luanda on 11 and 12 July. A joint statement issued after the meeting said that during the discussions 'certain points in the proposal of the five powers [had been] clarified' and that the two delegations had accordingly 'agreed to proceed to the UN Security Council, thus opening the way to an internationally acceptable settlement on the question of Namibia'.

The Resolutions

The two resolutions were adopted without debate. The first, resolution 431 (1978), took note of the five powers' proposal and requested the UN Secretary-General 'to appoint a Special Representative for Namibia in order to ensure the early independence of Namibia through free elections under the supervision and control of the United Nations'. It also called upon the Secretary-General to 'submit at the earliest date a report containing his recommendations for the implementation of the proposal in accordance with . . . resolution 385 (1976)' and urged 'all concerned to exert their best efforts towards the achievement of independence by Namibia at the earliest possible date'. The resolution was adopted by a vote of 13 in favour with none against and 2 abstentions (the Soviet Union and Czechoslovakia). The second resolution, No 432 (1978), was adopted unanimously. It declared 'that the territorial integrity and unity of Namibia must be assured through the reintegration of Walvis Bay within its territory', and that the Security Council would 'lend its full support to the initiation of steps necessary to ensure an early reintegration'. Pending the achievement of this, it added, 'South Africa must not use Walvis Bay in any manner prejudicial to the independence of Namibia or the viability of its economy'.

After the voting, the UN Secretary-General, Dr

Kurt Waldheim, announced that he would appoint Mr Martti Ahtisaari, the UN Commissioner for Namibia, as his Special Representative, and that Mr Ahtisaari would lead a mission to Namibia within a week to conduct a survey of the arrangements necessary for the implementation of the Security Council's resolution. On the basis of its findings, which he expected would be with him within two or three weeks, Dr Waldheim said he would submit to the Security Council 'detailed plans for attaining the objectives set forth in the proposal for a settlement'.

Statement on Behalf of the Five Powers

Speaking on behalf of the five Western powers, the US Secretary of State, Mr Cyrus Vance, addressed himself to the problem of Walvis Bay. The five powers, he explained, had always been conscious of the strongly held views of the parties on this issue and, since these appeared to be irreconcilable, had decided to make no reference to it in their proposal. To have done so would have made agreement on the proposal impossible. Instead, they had stated on a number of occasions that the issue, which they believed to be critical to the future of Namibia, should be the subject of negotiations between the parties concerned, and this position had been reaffirmed by the Canadian Secretary of State for External Affairs, Mr Donald Jamieson, to the UN General Assembly on 25 April (see p 210). The five powers, Mr Vance continued, still did not wish to enter into disputes of a legal character concerning the various claims as to the status of Walvis Bay. However, they recognised that there were arguments of 'a geographical, political, social, cultural and administrative nature which support the union of Walvis Bay with Namibia'. They had also noted that the political parties in Namibia supported such a union. These considerations, he went on, made it appropriate for the Security Council to adopt a resolution calling for 'the initiation of steps necessary' to ensure the early achievement of this. The resolution did not prejudice the legal position of any party, nor did it seek to coerce any party. As for the five powers, they considered that the 'steps necessary' referred to in the resolution meant negotiations between the two parties directly concerned, namely the Government of South Africa and the future Government of Namibia duly elected in accordance with the proposal; in voting for the resolution, they had committed themselves to stand ready to offer their diplomatic support to achieve the objective of a successful negotiation.

SWAPO's Views

Mr Sam Nujoma, the President of SWAPO, told the Security Council that SWAPO did not regard the five powers' proposal as a final document which incorporated all its concerns, but considered it to be a compromise 'heavily weighted in favour of South Africa's colonial interests'. It was also 'vague and ambiguous' and subject to conflicting interpretations, particularly with regard to the position, powers, authority and working relations between the Special Representative and the Administrator-General (see pp 155-7). Arguing that the success or failure of the United Nations undertaking would depend on the power and responsibility of the Special Representative, Mr Nujoma stated that SWAPO understood that (1) he would have effective supervision and control of the transfer arrangements in accordance with Security Council resolution 385 (1976); (2) he would have the preponderant power *vis-a-vis* the Administrator-General; (3) he would have the power and authority to control all aspects of the elections; and (4) he would have the final say regarding the good conduct of the police in the election process. This interpretation had been explained to the representatives of the five Western powers in Luanda in July, and it was on the basis of the five powers' concurrence that SWAPO had agreed to proceed to the Security Council. Mr Nujoma also stated that SWAPO, as the sole and authentic representative of the Namibian people, expected to be consulted about the composition of the peacekeeping force, and insisted that South African troops should be confined to one base during the transition period. He also requested the Security Council to ensure that all 'enemy' troops and administrative machinery were removed from Walvis Bay to enable it to be speedily and unconditionally restored to Namibia.

South Africa's Position

In his statement to the Security Council, South Africa's Minister of Foreign Affairs, Mr Roelof Botha, said that his Government had co-operated fully with the five powers in their search for a peaceful settlement. The same, however, could not be said for SWAPO, and it was not clear yet whether SWAPO had accepted the proposal adopted by the Council. Mr Botha claimed that, in his statement, Mr Nujoma had created the impression that he either accepted, or was considering accepting, a substantially different proposal. The five powers, he added, had not demanded that South African forces should be confined to one base, and it was not for Mr Nujoma to give a new directive to the Special Representative. In addition, the proposal did not demand that South Africa should withdraw its forces from Walvis Bay and South Africa had no intention of doing so. Mr Botha also made it clear that the reduction of South African forces in Namibia would begin only after 'the comprehensive cessation of all hostile acts and the establishment of a visible peace'.

Mr Botha said that South Africa 'categorically rejected' the resolution on Walvis Bay, which was 'as much a part of the Republic of South Africa as Alaska [was] of the United States of America'. It was not prepared, therefore, to negotiate with anybody, not even the duly elected Government of Namibia, on the basis of the resolution. However, it was prepared to negotiate on the basis of a voluntary act.

In a statement issued on 31 July, after a Cabinet meeting, the South African Government repeated its rejection of the Walvis Bay resolution. At the same time it indicated its readiness to go ahead with the five powers' proposal by extending an invitation to Mr Ahtisaari to visit Namibia on 5 August.

British Views

Welcoming the adoption of resolution 431, Dr Owen said that the Security Council had taken

'the first and most important step' toward the solution of the Namibian problem. As a result, the people of Namibia could now look forward to early independence achieved under leaders of their own choice. But the decision also had an importance beyond the frontiers of Namibia, and Dr Owen hoped that a settlement of this problem would 'further the cause of peace, stability and economic development . . . in the whole region of Southern Africa'. In particular, he hoped that it would show some people in South Africa that, through patient negotiations, they and their country could work with and not against the international community; that it represented the start of an evolutionary process whereby all the people of South Africa would see the United Nations as an organisation which could help them resolve their difficulties; and that it would demonstrate to the people of Rhodesia that Zimbabwe, too, could become independent with the help of the United Nations through negotiation and compromise. Above all, he continued, it was a victory for the concept of the peaceful settlement of disputes as enshrined in the Charter. It demonstrated that there was an alternative to the armed struggle: 'that people of different views can, even while fighting each other, still come together and negotiate for peace'.

Dr Owen emphasised that the Security Council's adoption of resolution 431 was only the starting point and urged the UN Secretary-General to act speedily in installing the UN Transition Assistance Group (see p 155) in Namibia at the earliest possible date. The task before the Group was a difficult one, but he was confident that the United Nations would prove able to discharge the vital role of guaranteeing the stability and security of Namibia at the same time as supervising the electoral process. Britain, he said, was ready to help in any way it could in this respect. It would also play its full part in the international community's efforts to support the Namibian Government in its vital task of developing the country's substantial natural resources.

Shorter Notes

EUROPEAN DEFENCE COLLABORATION

Collaboration on the production of defence equipment was discussed by the Ministers of Defence of France and the Federal Republic of Germany and the British Secretary of State for Defence during an informal meeting at Ditchley Park, Oxfordshire, on 12 and 13 July.

This was the second informal meeting between the defence ministers of the three countries, the first having taken place in France in November 1977. The communiqué issued after the meeting states that the ministers 'continued the discussion of European security matters' and 'considered collaborative equipment activities in which their three countries are involved, including requirements for a future tactical combat aircraft, helicopters and the next generation of missiles'. They 'signed a Declaration of Principles, already signed by their Italian colleague, on the framework for collaboration in the procurement of military helicopters'. [The aim of this collaboration is to develop a common procurement policy and share out work between the four countries.] They also 'gave further directions for co-operative work to continue', and discussed other matters of common interest, including the work of the Independent European Programme Group (see p 279, 1976).

ANGLO-IRAQI RELATIONS

On 26 July the Foreign and Commonwealth Office informed the Iraqi Ambassador in London that on security grounds a number of his staff and several other Iraqi nationals were being asked to leave Britain. Subsequently, the British Ambassador in Baghdad was informed on 27 July that eight members of his staff and two other British nationals would not be allowed to remain in Iraq. Eleven Iraqis in all were asked to leave Britain, comprising seven diplomats and four other Iraqi nationals. The Foreign and Commonwealth Office stated that increasing concern at the threat posed by terrorist activities in London, particularly against Arab targets, had led to a close look at all aspects relating to the maintenance of public order.[1] The presence in London of a known number of Iraqi intelligence officers had led the department to the conclusion that it was best that they should leave. The action had been taken on security grounds alone. Britain had no wish that political, commercial or cultural relations with Iraq should be affected.

After the announcement that reciprocal action was being taken by Iraq against ten British nationals, the Foreign and Commonwealth Secretary, Dr David Owen, said during a press conference in New York on 28 July: 'The total number of staff at the Iraqi embassy in London is 76; and the total number of British staff in our embassy in Baghdad is 22. There is therefore no justification whatever for the Iraqis' retaliatory action which I regard as deplorable.'

Following an incident on the same day in London in which an attempt was made with a hand grenade on the life of the Iraqi Ambassador to Britain. Dr Owen indicated, in interviews with the media, that he would make it quite clear to the Iraqi Government that he deplored the attack. Everything would be done to ensure the security of foreign diplomats in London, and to bring to justice those responsible for the attack.

AGREEMENT ON ANGLO-BRUNEI TREATY

Following recent talks in London, it was announced on 29 June that Britain and Brunei had agreed to sign a treaty of friendship and co-operation under which

[1]One prominent and recent terrorist action in London was the murder on 9 July of a former Prime Minister of Iraq, General Abdul Razzaq al-Naif.

Brunei will assume its full international responsibility as a sovereign and independent state at the end of 1983. Under the treaty, Britain will cease to be responsible for conducting the external relations and defence of Brunei. A five-year transition period has been agreed in order to give Brunei adequate time to prepare for full independence. The treaty will be initialled in London in September and signed in Brunei in December.

Brunei has maintained close links with Britain since 1847 when the two countries negotiated a treaty of friendship and commerce. In 1888 Brunei was placed under British protection while continuing to be 'governed and administered' by the Sultan and his successors as an independent state. Britain conducted the State's foreign relations but had no rights over internal affairs. Further supplementary agreements were signed in 1905-6 and 1959. An amending agreement in 1971 (see pp 592-3, 1971) has limited Britain's responsibility in Brunei to 'the complete conduct of the external affairs of the State' and a commitment to 'consult together to determine what measures should, separately or jointly, be taken in relation to an external attack on the State'. It has also covered the continued loan of personnel to assist in the staffing and administration of the country's forces and the provision of military advice and training (which will continue under the new treaty at the request of Brunei).

NEW ITALIAN PRESIDENT

Signor Sandro Pertini (Socialist) has been elected President of the Italian Republic. He received 832 of the 995 votes cast in the final ballot in the joint session of the Senate, the Chamber of Deputies and representatives of regional government on 8 July. Signor Pertini succeeds Signor Giovanni Leone, who resigned from office on 15 June.

ECONOMIC AND SCIENTIFIC AFFAIRS

Bonn Economic Summit

A combined programme of mutually reinforcing measures emerged from the economic summit, held in Bonn on 16 and 17 July. The aims were a reduction in unemployment, inflation and imbalances in external payments, an increase in world trade and the achievement of greater stability in exchange markets. Concerted action to boycott air traffic from countries giving sanctuary to aircraft hijackers was also agreed. Britain undertook to continue its policies to contain inflation so as to improve still further the prospects for growth and employment.

The heads of State and Government of seven of the largest industrial countries – Britain, Canada, France, the Federal Republic of Germany, Italy, Japan and the United States of America – met to decide on measures to bring about economic recovery. The Presidents of the European Council and the European Commission represented the European Community on relevant issues.

Topics on which agreement was reached were: employment, inflation and growth; energy; trade; relations with developing countries; and international monetary policy. Plans to counter terrorism, especially hijacking, were also drawn up. The main points of the declaration issued at the end of the summit are given below.

Employment, Inflation and Growth

The participants pledged themselves to reduce unemployment, which had been too high for a number of years, through measures to assure growth and develop needed skills. They drew attention to the fact that the victims of unemployment tended to be the weakest members of society and they stressed that the human cost exceeded even the economic cost.

The leaders expressed their determination to consolidate the progress already achieved in countering inflation. They declared an intention to promote more rapid economic growth, pointing out that this would reduce destabilising movements in exchange rates and help lessen demands for protectionist measures. Growth was also necessary to encourage private investment and a general commitment was made to reduce impediments to such investment, both domestic and international. In specific terms, each of the seven countries agreed on measures to deal with its own problems and so make for a more prosperous world economy.

Britain would intensify efforts to curb its inflation which, together with the balance of payments, was already showing a marked improvement in recent months. Expansion would also be helped by the spring Budget (see pp 159-69) which had injected a fiscal stimulus of over 1 per cent of national income.

Canada would aim to raise its rate of growth to 5 per cent, subject to constraints posed by the need to contain and reduce inflation.

The President of France stated that the fight against inflation would be continued; in addition, the budgetary deficit for 1978 would be increased by 0·5 per cent of national income as an expansionary measure.

The Federal Republic of Germany announced plans to propose legislation by the end of August aimed at expanding the economy by 1 per cent.

Italy would aim in 1979 for a rate of growth 1·5 percentage points higher than that achieved in 1978. Public expenditure would be cut and investment encouraged so as to bring about a non-inflationary increase in employment.

The Prime Minister of Japan reaffirmed that it was the intention of his Government that growth in the fiscal year 1978 should be 1·5 percentage points higher than in 1977. The need for further measures would be considered in August or September.

Finally, the President of the United States said that a reduction in inflation was his first economic priority. This would be realised by budgetary stringency and voluntary restraint on wages and prices.

The meeting noted that the common approach of the European Community agreed at Bremen (see pp 282–3) would reinforce the effectiveness of this programme.

Energy

The leaders asserted their commitment to reduce dependence on imported oil and noted that at Bremen the European Community had set objectives for a significant reduction in imported energy by 1985.

The President of the United States announced that by the end of 1978 measures would be in operation that would lower imports of oil by some 2·5 million barrels a day by 1985. This saving would be achieved by the creation of a strategic oil reserve of 1,000 million barrels, by an increase of two-thirds in coal production and by ensuring that consumption of

energy did not grow more rapidly than national income. In order to encourage the use of coal rather than oil the United States remained determined to raise the domestic price of oil to world levels by the end of 1980. Other leaders also agreed to review their national energy programmes.

The development of nuclear energy was recognised as important and it was felt that the nuclear fuel cycle studies initiated at the London summit in May 1977 (see p 228, 1977) should be pursued. The President of the United States and the Prime Minister of Canada announced their firm intention to continue supplying nuclear fuel and uranium within the framework of existing safeguards.

The leaders felt that there should be greater dependence on coal in the long run. They also called for joint research to hasten the development of new sources of energy, particularly renewable ones, and the more efficient use of existing sources. These programmes should attach the utmost importance to environmental and safety considerations. Assistance in the energy field to developing countries should be intensified and better co-ordinated. Within a year, details would be elaborated on an international effort to bring into use renewable energy technologies; the Organisation for Economic Co-operation and Development (OECD) was seen as the appropriate institution through which such a joint study should be channelled. The World Bank should try to be more responsive in this field to the needs of developing countries and ought to examine new approaches, especially regarding the financing of hydrocarbon exploration.

Trade

The leaders reaffirmed their determination to expand international trade, stressing its role as one of the driving forces for more sustained and balanced economic growth. Such expansion could take place only within the framework of an open trading system. Appreciation was expressed at the progress achieved in the Tokyo Round of Multilateral Trade Negotiations, the latest stage of which had ended the previous week in Geneva. However, it was recognised that a number of unresolved questions remained and the leaders called for a successful conclusion to the negotiations by the target date of 15 December 1978. They emphasised that this would mean not just a major trade liberalisation programme extending over the 1980s but the most important progress yet made under the General Agreement on Tariffs and Trade in relation to non-tariff measures. The recent renewal of the Trade Pledge by the Council of Ministers of the OECD (see p 303) was welcomed.

The leaders explained that adjustment to imbalances of trade was a two-way process that imposed obligations on countries with balance-of-payments surpluses as well as on those with deficits. Accordingly, the United States would take steps to increase its exports while Japan would try to expand domestic demand so as to facilitate increases in imports. Japan would also take the temporary and extraordinary step of calling for moderation in exports for the fiscal year 1978 at or below the level of fiscal year 1977.

Finally, the participating countries expressed willingness to encourage the flow of private investment both between industrial countries and between them and developing countries. The leaders recognised that there should be better access to their markets for these countries but they also asked for a greater readiness on the part of some of the more advanced developing countries to make their markets more open.

Relations with Developing Countries

The leaders recognised the mutual responsibilities of the developed and the developing countries. Japan stated that it would attempt to double its official development assistance over three years. Support was also expressed for the soft loans fund of the World Bank and the three regional development banks. A pledge was made to support replenishment of the International Development Association on a scale that would permit its lending to rise annually in real terms and, as regards the more advanced developing countries, the replenishment of the resources of the multilateral development banks to the level required to meet the growing need for loans on commercial terms. The leaders would encourage governmental and private co-financing of development projects with these banks; they also hoped to conclude successfully the negotiations on a common fund, to establish agreements for individual commodities and to complete studies of methods of stabilising export earnings.

International Monetary Policy

The participating countries felt that the recent erratic movements in foreign exchange markets had damaged confidence, investment and growth. Stability in these markets could be achieved only by attacking the fundamental problems that have caused the present large imbalances in international payments. Concerted implementation of the policies agreed by the leaders would reduce such imbalances and lead to greater stability of exchange rates which, in turn, would improve the prospects for sustained economic growth.

While appreciating that exchange rates need to reflect underlying changes in international and financial conditions, the leaders promised that their monetary authorities would continue to intervene in order to counter disorderly conditions; extensive consultation would be maintained so as to enforce the effectiveness of such intervention. The leaders were in favour of surveillance by the International Monetary Fund of the world monetary system. Finally, the decision reached in Bremen by representatives of the European Community to consider plans for monetary co-operation was welcomed.

Conclusion

The declaration concluded:

'It has been our continued purpose to attack the fundamental economic problems that our countries confront.

'The measures on which we have agreed are mutually reinforcing. Their total effect should thus be more than the sum of their parts. We will now seek parliamentary and public support for these measures.

'We cannot hope to achieve our purposes alone.

We shall work closely together with other countries and within the appropriate international institutions. Those among us whose countries are members of the European Community intend to make their efforts within this framework.

'We have instructed our representatives to convene by the end of 1978 in order to review this declaration.

'We also intend to have a similar meeting among ourselves at an appropriate time next year.'

TERRORISM

As well as discussing economic matters the leaders expressed their concern about terrorism and the taking of hostages and declared that their Governments would intensify their joint efforts to combat such activities. 'To this end', the agreement said, 'in cases where a country refuses extradition or prosecution of those who have hijacked an aircraft, and/or will not return that aircraft, the heads of State and Government are jointly resolved that their Government will take immediate action to cease all flights to that country.

'At the same time, their Governments will initiate action to halt all incoming flights from that country, or from any country by the airlines of the country concerned. The heads of State and Government urge other governments to join them in this commitment.'

Speaking in the House of Commons on 18 July (*Hansard*, cols 266-9), Mr Callaghan said that the joint intention of those attending the summit was that the new policy should operate immediately.

Counter-Inflation Policy

The Government has set a 5 per cent guideline for pay settlements in the 12 months from 1 August 1978, excluding self-financing productivity agreements and with some, limited, exceptions. The 10 per cent control of dividends is to be extended for a further year. The Government has also called for a longer-term approach to pay policy.

A White Paper, *Winning the Battle Against Inflation*,[1] was published on 21 July. It records that, in the past year, the rate of inflation has fallen from 17 per cent to around 8 per cent, the lowest rate for almost six years. Over the same period real living standards have been rising. While partly due to a higher exchange rate and stable commodity prices and to the Government's fiscal and monetary policies, it was 'the firm pay policies over the past three years, and the responsible co-operation by employers and trade unions in observing them, which made the achievement possible'.

The White Paper points out that a lower rate of inflation is also essential if more jobs are to be created and if British goods are to remain competitive. In the past year, at a time of great difficulty in world markets, British exports more than held their share of the world total. Over most of the last year the trend of unemployment has been slowly but firmly downwards.

The Government stresses, however, that unless there is a noticeable improvement in the growth of productivity or a substantial decrease in the growth of money earnings, preferably both, unit labour costs in Britain will continue to grow too fast and inflation will once again start on an upward spiral. Although earnings exceeded the 10 per cent guideline set for 1977-78, the adverse effects of this were partly offset by the increase in the value of the pound in 1977. Moreover, part of the excess came from self-financing productivity deals which would not have been fed into prices. Aiming at a substantially lower increase in earnings in 1978-79, the Government has, therefore, set a pay settlements guideline of 5 per cent for the year from 1 August. It also calls, in the White Paper, for a longer-term arrangement for pay policy and says that the 1978-79 policy has been tailored to permit a transition to such an arrangement. 'It is the Government's view that the country should aim at a long-term approach in which collective bargaining is based each year on a broad agreement between Government, unions and employers about the maximum level of earnings which is compatible with keeping inflation under control in the following 12 months.'

The 1978-79 Pay Round

The Government has discussed the 1978-79 pay round with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) and other bodies. It points out that each of the last two rounds of pay policy has been more flexible than its predecessor, a flexibility which it wished to continue. The 1978-79 policy leaves negotiators able to adjust internal pay structures within the overall limit on increases for the group or groups concerned.

The Government has recognised that in a small number of cases – firemen, police, the armed forces, others covered by review bodies, and university teachers – that some exceptional increase was needed. The pay of these groups is determined very largely by external comparisons, a process which was interrupted by the introduction of the £6 policy in July 1975. In their pay awards, the balance over and above the 10 per cent guideline is to be paid in two equal stages on the next two annual settlement dates for the groups concerned. Each stage is estimated to result in total in an increase in the index of average earnings of the order of 0·15 per cent. The Government concedes that there may be a small number of groups in a similar position for whom similar treatment might be appropriate when they reach their settlement date. It would, however, be self-defeating if more than a few groups were accorded such treatment and the Government will therefore examine any proposals put forward very critically to see how far the same considerations apply.

Lower Incomes

Although families on low incomes will benefit

[1]Cmnd 7293, HMSO, 25p. ISBN 0 10 172930 8.

significantly from the general reduction in the inflation rate, the Government recognises their special needs. For those dependent on state benefits, the arrangements already in force ensure that these benefits are protected against inflation, and in the majority of cases are increased in real terms. To help the lowest earners, the Government is prepared to see higher percentage increases where the resulting earnings are no more than £44·50 for a normal full-time week. (This represents the TUC minimum pay target of £30 in 1974-75 updated by the maximum increases generally available under subsequent policies including those set out in this White Paper.)

Productivity

Self-financing productivity deals will continue to be permitted in 1978-79. The Government is also prepared, in general, to accept a reduction in hours as part of a normal pay settlement provided it can be demonstrated that the settlement as a whole does not lead to any increase in unit costs above what would have resulted from a straight guideline settlement on pay.

Public and Private Sectors

The Government is to do everything possible to ensure that full account is taken of the White Paper by the public sector. No general changes are planned in the cash limits for 1978-79 while for 1979-80 the assumptions used will reflect the Government's pay policy. In the private sector the Government will rely on employers and unions to act responsibly and moderately as the TUC and CBI have already given assurances that they will. However, the Government will, if necessary, take account of any failure to observe the guidelines in exercising its discretion in the fields of statutory assistance and other appropriate discretionary powers. The pay clauses in existing Government contracts will remain in force, and will continue to be included in new contracts (see pp 63–5).

The Remuneration, Charges and Grants Act 1975

The Government will not renew this Act after its provisions lapse on 31 July 1978. Although in some cases observance of the 5 per cent guideline might conflict with existing contractual obligations, this should be much less widespread than in the previous three years. Where such cases do arise it is open to the parties concerned to make the necessary modifications by mutual arrangements.

Prices and Dividends

The Government regards continuing price control as an important part of the attack on inflation. In the coming months the Price Commission is to maintain an active programme of investigations into individual companies, and will also examine, at the direction of the Government, pricing practices in different sectors of industry.

The previous statutory powers to control dividends have been extended for 12 months from 1 August 1978. A second reading of the Dividends Bill in the House of Commons on 27 July was carried with a Government majority of 15 (*Hansard*, cols 1802-938).

Conclusions

The Government feels that the guidelines set out in the White Paper give 'the opportunity for pay negotiators to use their freedom in reaching settlements with responsibility and moderation, to consolidate the success of the last three years. They can do so with confidence that this, within the framework of the Government's continuing monetary and other policies, will build on the solid foundations which have already been laid for economic growth. It will encourage the regeneration of industry, guarantee living standards and make possible a continuing fall in unemployment, bringing lasting benefits to all sections of the community.'

Opposition and Other Views

The Chancellor of the Exchequer, Mr Healey, made a statement in the House of Commons about the new policy on 21 July (*Hansard*, cols 1013-35). In reply, the Shadow Chancellor, Mr Howe, said that he endorsed 'absolutely the need for realism, moderation and responsibility in pay bargaining'. The Opposition's greatest concern, he said, was lest the 5 per cent figure should be applied with 'similar rigidity and similar results, with a similar failure to return to normal collective bargaining'. It was, in the view of the Opposition, absolutely and increasingly essential to begin restoring differentials and real rewards for higher skill, harder work and higher enterprise. He deplored the continued use of sanctions in support of the policy and deeply regretted the decision to continue with statutory dividend restraints. Mr Howe said that this policy if applied with the rigidity that characterised last year's approach, represented a programme for continued detailed restriction and restraint of the economy which could only continue to do severe harm to its real potential for achieving success.

For the Liberals, Mr David Steel said they would be supporting the White Paper proposals and agreed that the success over the last 15 months in reversing the very severe trends of inflation had been greatly beneficial, indeed 'quite remarkable', and ought to be maintained. He suggested that if the Government saw pay policy on a long-term basis, then perhaps it should see it in terms of statutory control. He also found it less than equitable that dividends should be controlled by statute and pay by guidelines.

The new pay limits were endorsed by the House of Commons on 25 July with a Government majority of 15 (*Hansard*, cols 1379-516).

The TUC General Council said, in a statement on the White Paper issued on 26 July, that it fully shared the Government's determination to win the battle against inflation but did not accept the Government's view on how this could be achieved. The Council was convinced that continued central determination of pay would make much more difficult the resolution of anomalies and other collective bargaining problems which had unavoidably been created or intensified under earlier stages.

Steel Industry

The British Steel Corporation (BSC) announced a deficit of £443 million in its annual report and accounts for the financial year ended 1 April 1978.[1] In his opening review, the chairman, Sir Charles Villiers, remarked that losses on this scale were totally unacceptable and that everything possible had to be done to eliminate them. The BSC is adjusting to a changed market for steel, as reflected in recently commissioned plant which will improve product quality and reduce costs.

The report referred to the recent White Paper on the BSC (see p 137), which was issued in response to the 'chronic surplus of capacity over demand in steel in the world and particularly in Europe' and 'formally recorded a change in direction by the Corporation, from expansion to consolidation, marking the end of an era'. The Corporation took action to reduce short-term losses and adjust to the changed situation in the medium and longer term by closing a number of plants during the year and by revising its priorities for investment (see also p 138). The emphasis was now on a substantial capital programme of investment to improve product quality and customer service; new plant to the value of £450 million was commissioned during the year, with peak investment in earlier years coming to fruition (see below).

The BSC's current policy of reducing capacity in line with prospective demand, improving customer service and increasing productivity is in accordance with the Government's recommendations as set out in the White Paper. In addition, the Corporation has made further progress with the decentralisation of its management structure and has now developed 28 profit centres, reporting monthly to the divisions and the main board.

In his review of operations, the chief executive, Mr Bob Scholey, explained that the loss in 1977-78 of £443 million, after long-term interest, taxation and extraordinary items, reflected the growing world surplus of steel capacity, leading to highly competitive conditions and a continuing high level of imports into the domestic market; an extremely low level of operation during the year, with high losses because of under-utilised capacity; continuation of a high-cost base, with too much old and over-manned plant; weaker selling prices arising from the low demand, yet steadily rising costs as a result of inflation; interest charges of £197 million, much of which was for plant still under construction; and some costly industrial disputes. Stringent efforts were therefore made during the year to contain costs by reducing the cost of supplies as far as possible, or at least containing increases; improving plant loadings and operational efficiencies; and closing high-cost plants and negotiating self-financing productivity deals (in particular, work-measured incentive schemes) in other plants.

Performance Indicators

Annual statistics for the Corporation show that numbers employed fell from 226,490 (201,420 in 'iron and steel activities') in September 1973 to 206,190 (182,370 in 'iron and steel activities') in September 1977, and then fell further to 197,100 by the end of March 1978; that steel deliveries in 1977 were 13·4 million tonnes (including 3·3 million tonnes of exports) compared with 18·6 million tonnes (including 3 million tonnes of exports) in 1973; that crude steel production in 1977 was 17·2 million tonnes compared with 23·9 million tonnes in 1973; and that the average number of blast furnaces in blast during 1977 was 31, compared with 44 in 1973.

New Plants

New BSC plants recently opened to improve quality and reduce costs include a £23 million sinter plant at Ravenscraig, Scotland, opened on 23 May; a £57 million tinplate complex at Ebbw Vale, south Wales, now the largest in Europe, opened on 6 June; a £25 million development at Airdrie, Scotland, making large-diameter casing for offshore oil wells, opened on 22 June; and a £130 million stainless steel complex at Sheffield, the largest in Europe, opened on 14 July.

Opening the new plant at Airdrie, the Secretary of State for Industry, Mr Eric Varley, said that about £2,000 million had been invested by the BSC in new plant and equipment since February 1974. 'Much of this has gone into major projects which take years of planning and construction, and so it is only now that this investment is really beginning to bear fruit. A number of BSC's new plants have been success stories – they have been worked up to full production on or before the planned date; they have established good industrial relations records and their principal constraint on output has been the effect which the continuing recession has had in depressing world demand for steel.'

[1] *British Steel Corporation. Annual Report and Accounts 1977-78.* HMSO, £1. ISBN 0 901894 54 0.

Aerospace Industry

The Government has approved a proposal from British Aerospace (BAe) for full-scale development of the HS 146 (now re-named BAe 146) short-haul jet airliner.

The Government's decision was announced by Mr Gerald Kaufman, Minister of State for Industry, during a debate on future aerospace production policy in the House of Commons on 10 July (*Hansard*, cols 1103-4.) The BAe 146 is a four-engined jet aircraft intended to replace turbo-prop aircraft on feederline and commuter routes and, to a lesser extent, small twin-jet aircraft. Its advantages are its lower seat-mile costs, its low noise, and its suitability for operation from small airports and at high altitudes and temperatures.

Two civil versions, covering a range of about 70 to 100 seats, and a military version are proposed. The first civil version should be in airline service by early 1982; the second civil version and the military version should follow. The Government regards both this decision and the decision to allow British

Airways to buy Boeing aircraft as independent of decisions regarding future collaboration with the United States or Europe on larger civil aircraft.

Depending on the extent to which BAe arranges to collaborate with other manufacturers, the project will entail an investment of the order of £250 million at current prices. This expenditure will form part of BAe's approved capital investment programme which will be financed in the first instance from internal resources. BAe will be expected to earn an adequate rate of return on the whole of its capital.

BAe is in discussion with other European manufacturers on collaboration on the 146. The engines, subject to satisfactory terms, will be supplied by the United States firm Avco Lycoming. BAe is also considering an offer from Avco to act as risk-sharing contractor for the manufacture of the wing.

The 146 is the first new aircraft project which BAe has undertaken since it was formed in April 1977 (see p 193, 1977). Work on the airframe is expected to provide over 7,000 jobs in BAe; it is estimated that it should provide a further 4,000 to 5,000 among suppliers of equipment.

Background

The project was originally launched by Hawker Siddeley Aviation (now part of BAe) in August 1973. The Government of the day decided to support development of the aircraft by launch aid equal to 50 per cent of the estimated launch costs. In October 1974 Hawker Siddeley Aviation decided unilaterally to suspend work; but some work continued, first under government contract and subsequently financed by BAe, in order to keep open the option of proceeding with full development of the aircraft.

On 22 March 1978 the chairman of BAe, Lord Beswick, wrote to the Secretary of State for Industry, Mr Eric Varley, recommending on commercial grounds that full-scale development of the aircraft should be resumed. It was clear that the project, if approved, would require the commitment of substantial resources, both of money and manpower, and the Government accordingly felt obliged to give it searching examination.

Offshore Oil and Gas

Recent developments in Government policy on offshore oil and gas have included the announcement of a number of proposed changes in petroleum revenue tax (PRT), which are designed to increase the share of profits accruing to the State; details of the arrangements for the sixth round of offshore petroleum production licensing, in which 46 blocks or parts of blocks are being made available; and the completion of negotiations by the Department of Energy and the British National Oil Corporation (BNOC) on state participation with companies which have made commercial discoveries under the first four rounds of licensing. British companies won a record 62 per cent of offshore business in the United Kingdom Continental Shelf (UKCS) in 1977, according to the annual report on offshore orders, published by the Department of Energy on 11 July.[1] The final report of Gas Gathering Pipelines (North Sea) Ltd, an edited version of which was published by the Department of Energy on 20 July,[2] indicated that a new gas-gathering trunk pipeline to bring ashore gas from the northern North Sea would not be necessary, but the Government believes that there is a significant chance that the capacity of existing pipelines may be insufficient and accordingly it is maintaining a close watch on the situation as it develops.

PROPOSED CHANGES IN PETROLEUM REVENUE TAX

Details of a number of proposed changes in petroleum revenue tax were announced by the Chief Secretary to the Treasury, Mr Joel Barnett, in a statement in the House of Commons on 2 August (*Hansard*, cols 753-5). Mr Barnett said that the Government had concluded that there was scope for increasing the share of North Sea profits accruing to the public. A cautious approach had deliberately been adopted when the rates and allowances for PRT had been fixed at the beginning of 1975 (see p 102, 1975), with the rate of PRT being set no higher than 45 per cent and with generous allowances and reliefs because of the great uncertainties then. However, Mr Barnett said, it was now apparent that companies were obtaining very large profits from these natural resources and the Government believed that the public share of these profits could and should be increased without endangering the exploitation of the more marginal fields.

Mr Barnett said that the Government did not propose to alter the structure of PRT,[3] but it intended to increase the rate to 60 per cent for chargeable periods ending after 31 December 1978. In addition, it proposed to reduce the 75 per cent capital expenditure 'uplift' against PRT to 35 per cent in respect of qualifying expenditure under contracts entered into after 2 August, and to halve the oil allowance from 1 January 1979, with the effect that the allowance – an amount exempt from PRT – would be reduced from 1 million tons[4] of oil a year (subject to a cumulative limit of 10 million tons per field) to 500,000 tonnes a year, subject to a limit of 5 million tonnes a field. The oil

[1] *Offshore 1977: UK Goods and Services for Developments Offshore.* HMSO, 45p. ISBN 0 11 410652 5.

[2] *Gas Gathering Pipeline Systems in the North Sea.* Energy Paper Number 30. Department of Energy. HMSO, £2·50. ISBN 0 11 410651 7.

[3] PRT is charged on the profits from winning oil and gas under licence in Britain (including the UKCS), that is, gross revenue of a field less the royalties and field costs including capital expenditure, but excluding interest payments. Capital expenditure to bring about the start of production, or a substantial increase in production, ranks for immediate write-off as an expense and is also eligible for an 'uplift', currently of 75 per cent, against PRT. A more detailed description of PRT is given in COI reference pamphlet, *The British System of Taxation*, R5271/76.

[4] 1 ton = 1·016 tonnes.

allowance would continue to be of particular value to small fields, and the safeguard provisions[1] would not be altered. Mr Barnett said that if, nevertheless, there were worthwhile developments which proved to be uneconomic under the proposed new rates, the Government still had the means of helping by the use of its powers to refund royalties free of PRT and corporation tax. Although these powers had not yet been used, ministers were ready to do so in appropriate circumstances in order that developments in the national interest would go ahead.

Mr Barnett stated that provisions to implement the proposals would be included in the 1979 Finance Bill. The Government estimated that there would be an increase of about £150 million in its revenue in 1979-80 and, as the yield from PRT built up, this revenue would be increased between 1978 and the mid-1980s by over £2,000 million and thereafter by about £400 million a year at 1978 prices.

Mr Barnett said that the Government was conscious of what had been achieved on a basis of partnership between the public and private sectors. The right balance had to be struck between the need to secure for the community a fair share of the benefits arising from the national resource which the North Sea represented and the need to leave the private sector with a fair rate of return in the light of the risks involved. The Government was satisfied that its proposed changes would achieve a better balance.

The chief Opposition spokesman on energy matters, Mr Tom King, accepted that there was clear scope for adjustment of the tax regime. However, he said, the changes proposed could inhibit the development of smaller discoveries of oil, which were likely to make up the bulk of future discoveries in the North Sea. Mr Barnett replied that there were adequate safeguards to ensure that the national interest was not damaged.

OFFSHORE LICENSING

Arrangements for the sixth round of offshore petroleum production licensing were announced in the House of Commons on 2 August (*Hansard*, written answers, cols 334-5) by the Secretary of State for Energy, Mr Anthony Wedgwood Benn, who said that a total of 46 blocks or parts of blocks would be put on offer, the closing date for applications being 20 November. Detailed arrangements were broadly similar to those in the consultative document on the sixth round (see p 234), but he had made some adjustments following consultations with interested parties. Mr Benn said that it was important that the workforce on offshore installations should be represented in accordance with their wishes, and that progress in achieving this would therefore be included as one of the factors he would take into account in examining applications. Among other changes were that the blocks where the British National Oil Corporation would be appointed as the operator were identified in the list of blocks; that in the blocks where it was the operator, the BNOC would contribute its share of exploration and appiaisal costs as they were incurred; and that when the BNOC elected to join in a discovery of a block where its share of costs had been wholly or partly 'carried,' it would, on reimbursing its carried share of the costs incurred on that block, pay interest on the reimbursed costs.

At a press conference on 2 August, Mr Benn said that the sixth round constituted another stage in the evolution of the Government's offshore policy and provided, in accordance with that policy, a continuing major role for the private sector companies. The size of the round reflected the Government's strategy of more frequent rounds of licensing than previously, but with fewer blocks on offer in each round. He believed that this was the most certain way to maintain a reasonable and steady development of Britain's offshore resources and to ensure that development brought maximum benefit to Britain's offshore supplies industry. The blocks on offer were spread throughout the UKCS, but Mr Benn noted that a number of blocks were on offer to the west of Shetland and that, following the settlement of the delineation dispute with France (see p 303, 1977 and p 122), he was able to offer a number of interesting blocks in the South Western Approaches.

STATE PARTICIPATION

By mid-1978 all the negotiations on state participation by the Department of Energy and the BNOC with companies which have made commercial discoveries under the first four rounds of offshore petroleum production licensing had been completed. In general, the agreements allow for access by the BNOC to up to 51 per cent of oil production from commercial discoveries through 'oil option' agreements with acquisition by the Corporation taking place at market price; in a few cases, arrangements under which up to 100 per cent of the 'option oil' can, subject to consultations with the Secretary of State for Energy, be sold back by the BNOC to the company; full access for the BNOC to information on the development of fields; a seat and a vote for the BNOC on a field's operating committee; and, in some instances, arrangements for the training of BNOC personnel by the company concerned.

Ministerial Statement

In a statement on 13 July, the Minister of State at the Department of Energy, Dr Dickson Mabon, said that, after more than three years of complex and tough negotiations, participation agreements had been signed with 62 companies with North Sea fields. The participation policy had 'given us a grip on North Sea development and a precise first-hand knowledge of it which we could never otherwise have enjoyed – even with stringent licence conditions'. Dr Mabon said that the BNOC was now firmly established at the heart of Britain's offshore industry. The oil option agreements would give the BNOC invaluable experience in oil trading and would give Britain a direct influence over the disposal of North Sea crude oil – 'a crucially important consideration' if Britain was to make the most of

[1]Under the safeguard provisions, the PRT charge is cancelled if in any year it reduces the return on a field before corporation tax to less than 30 per cent of capital expenditure (on a historic cost basis).

its oil wealth. The new associations between the BNOC and the oil companies would be 'highly beneficial to all the parties concerned and especially to Britain's prospects as a major oil producer.' Dr Mabon noted that the North Sea remained 'the prime area for oil industry investment around the world.'

ORDERS FOR OFFSHORE EQUIPMENT AND SERVICES

The annual report on orders for offshore equipment and services shows that the British offshore supplies industry won orders worth £806 million in 1977, representing a record 62 per cent of the total orders placed by companies operating in the UKCS, which were valued at £1,295 million. This continued the upward trend in the share of the market taken by British firms, which was 57 per cent in 1976, 52 per cent in 1975 and 40 per cent in 1974. The British share of the market was 69 per cent of development (including production platforms, installation operations and terminals), 56 per cent of general services, 33 per cent of maintenance and 33 per cent of exploration. Notable features in the year were the decisions to go ahead with developments on a number of fields, following a lull in orders, which resulted in the placing of substantial fabrication contracts for steel jackets, deck structures and modules, the majority of which were won by British yards.

In a foreword to the report, Dr Dickson Mabon congratulates the British offshore industry 'on its fine performance during 1977'. He notes that the industry is 'now established internationally as one of the principal suppliers of offshore goods and services'.

GAS PIPELINES

In a statement in the House of Commons on 20 July (*Hansard*, written answers, cols 303-5) on the final report by Gas Gathering Pipelines (North Sea) Ltd, which had been set up to conduct further studies into gas-gathering pipelines in the UKCS (see p 34, 1977), Dr Dickson Mabon said that the report concluded that considerably more natural gas could become available for collection from the British sector of the northern North Sea, but recommended that at present no gas-gathering system requiring the construction of a new trunk pipeline to the shore was necessary. According to the company, gas available from oilfields before 1990 could be accommodated in existing pipelines (see map, p 177) and thereafter those pipelines could have substantial spare capacity. Dr Mabon said that the capacity of the existing pipelines would, however, be unlikely to be sufficient if they had to carry more Norwegian gas, if large additional sources of gas were discovered and developed in the UKCS, or if, for other reasons, spare capacity in the Frigg pipelines could not be made available. As there was a significant chance of one of these possibilities, a close watch would need to be kept on the situation as it developed.

On the heavier gases, Dr Mabon said that the company had concluded that, on present information, ethane supplies surplus to those purchased by the British Gas Corporation for its supply network would not build up to adequate levels to support another ethylene plant in addition to the one proposed to be built at Mossmorran in Fife (see p 197, 1977) until the early 1990s. However, Dr Mabon indicated that there was uncertainty about the timing of supplies and various factors might mean that sufficient feedstocks would be available from the mid-1980s. He said that the Government wished 'to see these opportunities for petrochemical development pursued vigorously'.

In the area of the Brent oilfield, Shell-Esso had earlier applied for an authorisation for a gas pipeline between the Cormorant and Brent fields, and Dr Mabon reported that Shell-Esso were able to assure him that, subject to his authorisation under the Petroleum and Submarine Pipe-lines Act 1975 and any other necessary consents, they were ready to construct that pipeline with the necessary links to which feeder lines from three other fields could be constructed later. Further south, larger volumes of associated gas were expected to arise, but were unlikely to require collection until about 1984. To enable the gas to be collected from that date, a decision on the organisation to plan the collection of the gas might be needed in 1979 to allow time for planning and constructing the necessary pipelines. He had already initiated consultation with some of the parties most involved in possible action resulting from some of the report's conclusions and he would continue to keep in close touch with the Norwegian authorities. Dr Mabon said that he was asking for comments on the report by the end of 1978.

The Post Office

The establishment of new performance aims to supplement financial targets, the strengthening of the Post Office Users' National Council (POUNC) and the rejection of the proposal for an advisory council on postal and telecommunications affairs are among the decisions announced by the Government in a White Paper,[1] published on 21 July, in response to the report of the Post Office Review Committee (see p 354, 1977). On the Committee's proposal that the Post Office should be split into two new authorities, one broadly comprising posts and the other telecommunications services, the Government says that it will not be making a final decision until it has been able to assess the results of the two-year experiment in industrial democracy (see p 353, 1977) and the devolution of managerial responsibilities that is in progress. In 1977-78 the Post Office achieved good financial results for the second successive year, with all its main businesses operating profitably, according to its annual report and accounts, published on 24 July.[2]

[1] *The Post Office*. Cmnd 7292. HMSO, 80p. ISBN 0 10 172920 0.

[2] *Post Office Report and Accounts 1977-78*. HMSO, £2·25. ISBN 0 11 886009 7.

WHITE PAPER

The White Paper notes that the Post Office's main challenges are the implementation and operation of the new telecommunication technologies with the greatest possible efficiency and at the lowest possible costs, and the maintenance of the viability and competitiveness of the postal services in the ace of increasing inroads from other methods of communication. Although the Committee was not asked to examine the Post Office's statutory monopoly of letter and telephone services, the White Paper says that 'it is necessary to put them beyond doubt so that future services can be planned effectively in the interests of business and private users generally'. Accordingly, the Government 'reaffirms that these services will remain statutory monopolies in public ownership'.

The Government also reaffirms its view that each of the Post Office's businesses should pay its way and earn a reasonable return on the assets employed, and this has now been achieved. It agrees with the Committee that the Post Office should have as its prime duty a responsibility to provide good service to its customers with the maximum efficiency in the use of manpower and of physical and financial resources, and this is 'the central aim with which this White Paper is concerned'.

Achievement of good results 'will depend on the skills, knowledge and expertise of all employed in the Post Office'. The Government 'therefore attaches the greatest importance to the contribution of the seven trade union members on the [Post Office's] board under the current two-year experiment in industrial democracy'. It believes that the new board will be able to set an example of how industrial democracy can work in Britain, and to show how technical change and improvements in performance can be managed better with the participation of employees at all levels. It has agreed with the Chairman of the Post Office that the appointment to the board of a civil servant from the Department of Industry may be appropriate when the board's composition is reviewed.

Organisation

The Government recognises that strong arguments have been put forward for carrying through the process of decentralisation within the Post Office, involving its separation into individual businesses for operational and accounting purposes, to its ultimate conclusion, that is, the creation of a separate public corporation for each business. However, such legislation would be complex and its preparation would divert scarce resources from other tasks. In addition, the Government does not want to take such far-reaching decisions on the Post Office's structure 'before it has had a chance to assess the results of the current devolution of managerial responsibility and of the two-year experiment on the Post Office board; this means that legislation cannot be brought forward in the present Parliament'.

Accountability and Monitoring Arrangements

In the Government's view, the creation of an advisory Council on Post Office and Telecommunications Affairs, as recommended by the Committee, 'would detract from the role of the board and blur responsibility', and accordingly the Government does not accept this proposal. Nevertheless, the Government agrees 'that there is room for improving the arrangements for settling policy objectives between the Government and the Post Office, for further clarifying their respective responsibilities and for monitoring the Post Office's financial performance, productivity and standards of service'. Various proposals are set out in the White Paper, many of which flow from the general proposals in the White Paper on the Nationalised Industries (see pp 172-5). These deal with performance aims and indicators, international comparisons, long-term plans, specific directions and the strengthening of the POUNC.

Aims in terms of performance and service to supplement their financial targets have been agreed by the Government with the Post Office. For telecommunications, the Post Office is to aim for a general reduction in the real unit cost of telecommunications services by 5 per cent a year over the five years to 1982-83, which will supplement the existing financial objective of a real rate of return of 6 per cent a year on average net assets. In the case of postal services, the central objective over the next five years will be to contain the overall real unit costs so that they do not rise any faster than the general level of prices; its current financial objective is for a 2 per cent return on turnover up to 1979-80.

The Government proposes 'to make the submission of annual long-term plans for each of the three businesses at the turn of the calendar year and detailed discussion of them the keystone of its relations with the Post Office'. Legislation will be introduced to empower the Secretary of State for Industry to approve the Post Office's long-term plans and policies and to specify any matters with which he considers they should deal; this would bring his powers into line with those provided in more recent nationalised industry legislation. The Government reaffirms its intention, set out in the White Paper on Nationalised Industries (see p 173), to seek an early opportunity to introduce legislation to enable ministers to give nationalised industry boards general or specific directions on matters affecting the national interest.

The Government believes that it would be right to build on the POUNC, which 'has a high reputation as an effective consumer body', and the equivalent bodies for Scotland, Wales and Northern Ireland, and to provide resources to enable them to undertake more research and in-depth study of the issues that concern the consumer. A number of measures are being taken to strengthen the POUNC, including provision for it to be consulted on the Post Office's long-term plans.

ANNUAL REPORT

In 1977-78 the Post Office's income, excluding inter-business transactions, was £4,183·2 million and it recorded a profit of £367·7 million, 26 per cent higher than the corresponding figure for 1976-77. Profits from telecommunications amounted to £325·5 million, from postal services £40·4

million, from the National Girobank[1] £2·8 million, and from data processing £1·1 million, while the only loss reported was for remittance services (£2·1 million). Both postal and telecommunications services increased business and 1977-78 was a record year for growth of telecommunications, a major factor being the continued price stability (the last increase in charges being in October 1975). The number of telephones rose by 7 per cent to 23·3 million at the end of the year and exchange connections increased by 8 per cent to 15·1 million. Local telephone calls rose by 8 per cent to 14,600 million, trunk calls by 10 per cent to 2,703 million and international calls by 28 per cent to 151 million. Telex connections increased by 11 per cent to 71,600 and data transmission terminals by 16 per cent to 49,800. There was an upward trend in postal traffic in the second half of the year, mainly as a result of the marketing effort which particularly helped in the continuing reduction in the loss on the parcels service. Correspondence posted in 1977-78 was 9,485 million items, 102 million more than in 1976-77.

The Post Office invested £870 million in 1977-78 and has one of the largest investment programmes in Britain. Over 850 electronic exchanges were in service by March 1978 and a large-scale exchange modernisation programme was announced. Major investment in the next generation of electronic switching systems, known as System X, continued, with the placing of contracts worth nearly £30 million. During the year Britain became the first country to offer telephone subscribers international direct dialling to 50 countries, and telephone calls can now be dialled direct from nearly 80 per cent of British exchange lines to some 85 per cent of the world's telephones in 76 countries. The Post Office is to spend £23 million on developing 'Prestel', the world's first public viewdata service (see pp 138-9), which will be launched in 1979 and will provide a new computer-based information service linking the telephone and television. Britain's twentieth mechanised mail-sorting office has been opened and a further 60 are planned over the next six years.

Shorter Notes

TRADE PLEDGE

The Secretary of State for Trade, Mr Edmund Dell, spoke on 15 June about the Trade Pledge of the Organisation for Economic Co-operation and Development (OECD) and expressed doubts about its 'continued relevance . . . to the problems we face today'. Forswearing protectionism was only part of a wider economic strategy; Britain was prepared to renew the pledge for one more year, however, to avoid a breakdown in the international trading system.

Mr Dell was speaking in Paris after a meeting at ministerial level of OECD members had led to a renewal of the Trade Pledge. This had been adopted in May 1974 following the massive increases in the price of oil. Under its terms, signatories promised to refrain from unilateral measures to influence the flow of trade. The Secretary of State recognised that this commitment amounted to an expression of the political willingness of countries to accept their share of world economic problems and not to worsen matters by passing them on to others. Even in this sense, however, the agreement had proved only partly successful.

Mr Dell pointed out that the economic situation had deteriorated over the last four years with a depression more severe than anything experienced since the 1930s. In view of this, he stressed the need for a wider economic strategy and reminded his audience of the five-point plan outlined by the Prime Minister in March (see p 123). Progress in all these areas was a prerequisite for a return to prosperity and Mr Dell hoped that the participants in the imminent Bonn summit (see p 294) would agree with the importance of this wider approach.

At the meeting itself ministers noted the positive aspects of world economic conditions, such as the fall in rates of inflation, but they also expressed concern at certain adverse trends, particularly the persistence of high unemployment, increased demands for protection and restrictions on migration. They stated their determination to achieve economic recovery and reaffirmed their commitments to the developing world.

CARIBBEAN DEVELOPMENT FACILITY

At the first meeting of the Caribbean Group for Co-operation in Economic Development in Washington from 19 to 24 June, which was attended by Britain's Minister for Overseas Development, Mrs Judith Hart, it was agreed to establish a Caribbean Development Facility (CDF) to provide additional financial and development assistance to Caribbean countries. In particular, the CDF, which will total at least $125 million in its first year, will assist these countries to finance essential imports and offer supplementary financing – mainly for local costs – to assist in the execution of development programmes and projects. Ten countries and international organisations expressed their readiness to contribute to the fund, including Britain, Canada, France, the Netherlands, Norway, the United States, Venezuela and the Special Fund of the Organisation of Petroleum Exporting Countries.

The Caribbean Group was established in December 1977 to serve as a mechanism for the co-ordination and strengthening of external assistance to the Caribbean and for the continuing review of national and regional activities related to economic development in the area. At its June meeting, special

[1]Formerly known as the National Giro. The change of name was announced on 27 July by the Post Office which considers that the new title better describes the services offered now that Giro is providing a broad range of corporate and personal banking facilities. As part of its expansion programme, in 1977-78 Giro announced that it would offer deposit accounts, bridging loans and budget accounts.

attention was given to the immediate problems of Jamaica, which had arisen from its dependence on imported oil and the fall in the prices of its exports, and it was agreed that some $52 million would be made available to Jamaica under the CDF over the next 12 months, including $10 million (£5·5 million) by Britain. (This will be in addition to a £20 million programme loan for Jamaica to which Britain agreed in January.) Equal consideration was given to the similar problems facing Barbados and Guyana – since the meeting Britain, as part of its contribution to the CDF, has agreed to provide an £850,000 loan to Barbados to strengthen its balance of payments position – and to the needs of the smaller islands of the Caribbean Community.

Britain is one of the main sources of external aid for Caribbean countries, particularly independent Commonwealth countries and the British Associated States and dependencies. In the five years from 1972 to 1976 British assistance to the Commonwealth Caribbean totalled £107 million, of which some £22·2 million was provided in 1976. Of the latter, £17·7 million was provided as financial aid and £4·5 million as technical co-operation for the provision of experts not available locally and for the training of local personnel. The major recipients in that year were Belize (£3·86 million), St Lucia (£2·96 million), Turks and Caicos Islands (£2·05 million), Dominica (£1·92 million) and St Vincent (£1·43 million). Such aid is being increasingly provided as grants rather than loans, and in 1976 some 81 per cent (£18 million) of British aid was in grant form. British aid to non-Commonwealth countries in the region is on a smaller scale, but is increasing, and in 1976 totalled £4·4 million, with Costa Rica (£1·64 million) and Columbia (£1·31 million) being the main recipients. Britain also assists development in the region through its contributions to the Caribbean Development Bank and the Inter-American Development Bank.

DEBT RELIEF TO THE POOREST COUNTRIES

The Minister for Overseas Development, Mrs Judith Hart, announced in the House of Commons on 31 July (*Hansard*, cols 24-8) that Britain intends to remove the burden of past aid loans from 17 of the world's poorest developing countries. The countries which at present have outstanding aid repayments with Britain, but which are now eligible to receive British aid on grant terms, are Afghanistan, Bangladesh, Botswana, Egypt, The Gambia, India, Indonesia, Kenya, Lesotho, Malawi, Nepal, Pakistan, Sierra Leone, Sri Lanka, Sudan, Tanzania, and Western Samoa. All these countries have an income per head at 1976 prices of less than $280 a year. This action, known as retrospective terms adjustment, covers over £900 million-worth of outstanding aid loan service and is taken in accordance with the agreement reached at a ministerial meeting of the Trade and Development Board of the United Nations Conference on Trade and Development in March. The maximum cost of this action will be some £60 million a year and will be met entirely from within the aid programme which is currently increasing by 6 per cent a year.

Britain will not extend retrospective terms adjustment to governments which would otherwise qualify but which are regarded as having seriously violated human rights.

CO-OPERATIVE DEVELOPMENT AGENCY

The Minister of State for Industry, Mr Alan Williams, has announced that the first chairman of the Co-operative Development Agency (CDA) will be Lord Oram (*Hansard*, 12.7.78, written answers, col 580), who will take up his duties on 1 September 1978.

Later, at a press conference, Mr Williams announced a new scheme by the Co-operative Bank to help launch worker co-operatives. In the scheme, the Bank will make available overdrafts, loans for up to seven years and other forms of finance on terms generally better than those for new business ventures. Mr Williams said that the scheme would be a valuable supplement to the help the Government was already giving to worker-controlled enterprises in the form of loans under the Industrial Common Ownership Act (see p 9, 1977).

Mr Williams went on to say that a wide interest had grown in the development of common ownership and worker co-operative enterprises, and that this had been demonstrated by all-party support for the CDA in Parliament (see pp 175-6). The Co-operative Bank was prepared if necessary to match, pound for pound, the joint investment of members of new worker co-operatives; this was designed to ensure total involvement of all concerned.

MICRO-ELECTRONICS SUPPORT PROGRAMME

On 26 July the Secretary of State for Industry, Mr Eric Varley, announced that the Government had allocated £70 million over five years for a micro-electronics industry support programme, 'an important new scheme which will give help to British industry to develop and exploit the latest technologies in the field of micro-electronics which are becoming increasingly basic to the electronic equipment industry and to other branches of manufacture' (see also pp 262-4). The programme came into effect on the same day.

The programme will assist the development and manufacture of those micro-electronic devices ('specials') where a close engineering interaction between user and supplier is needed. Assistance under the programme will be given on a selective basis to viable projects which contribute to the strategy of strengthening the British micro-electronics industry as a whole and which require such assistance for their realisation. The programme will support firms in Britain engaged in the manufacture of micro-electronic devices and also those supplying specialised equipment, materials or services to the micro-electronics industry.

Assistance will be available under the Science and Technology Act 1965 in the form of contri-

butions of up to 50 per cent for the cost of contracts for research projects, and of grants of up to 25 per cent (or in certain circumstances, of up to 50 per cent of contract costs), for development of products and processes; and under the Industry Act 1972 in the form of grants of up to 25 per cent for investment in production plant, equipment and building.

NATIONAL PORTS COUNCIL

During 1977 ports in Great Britain maintained their financial performance at the level achieved in 1976, which had been a substantial improvement over the previous year, according to the annual report and accounts of the National Ports Council (which advises the Government on major port developments and has various other responsibilities), published on 21 June.[1] The aggregate net surplus of 28 large port undertakings amounted to £39 million in 1976 and the corresponding figure for 1977 is expected to be about £41 million, representing a return on capital of 10·3 per cent, compared with 4·9 per cent in 1975. Traffic through the ports of Great Britain in 1977 was an estimated 336·2 million tonnes, about the same level as in 1976. Container and roll-on traffic rose by 7 per cent to 35·5 million tonnes, and a study by the Council found that an increasing proportion of general cargo is likely to be handled by container, roll-on and other specialised berths. The leading ports in 1977, in terms of total tonnage, were London (43·1 million tonnes), Milford Haven (37·3 million tonnes), Tees and Hartlepool (28·2 million tonnes), Forth (24·9 million tonnes) and Southampton (23·7 million tonnes). A major change took place in the pattern of fuel movements as a result of the increase in offshore oil production. Imports of fuels in 1977 (83·4 million tonnes) were one-fifth lower than in 1976, but this was largely offset by higher coastal traffic and exports. This change benefited those east coast ports, such as the Forth, which are directly involved in the landing and distribution of North Sea oil.

There was a substantial increase in the number of port schemes submitted to the Council. Among schemes proposed were a steel export berth and associated terminal at Immingham (Humberside), a fourth crude oil jetty at Sullom Voe (Shetland), expansion of roll-on freight capacity at Dover and a new ferry terminal at Pembroke Dock (Dyfed).

EUROPEAN SATELLITE LAUNCHED

Europe's first geostationary scientific satellite, GEOS-2, was launched from the United States test range at Cape Canaveral, Florida, on 14 July. The satellite was developed for the European Space Agency (ESA – see p 215, 1975) by a consortium of companies from seven European countries, led by British Aerospace (BAe), and was a replacement for GEOS-1, launched in April 1977, which did not attain geostationary orbit owing to a fault in the launch vehicle. During its two-year operational lifetime, GEOS-2 will study the magnetosphere, the region of near-Earth space that lies under the influence of the Earth's magnetic field. The scientific payload has been provided by 11 research institutes in eight ESA member countries – Denmark, France, the Federal Republic of Germany, Italy, the Netherlands, Sweden, Switzerland and the United Kingdom.

BAe's responsibilities as prime contractor have included overall responsibility for the design of the satellite and execution of a test programme, which has taken place at BAe establishments, at the European Space Technology Centre in the Netherlands, and at various specialist facilities in other European countries. In addition to members of the consortium, there were many other suppliers of equipment for the project in Britain, Europe and the United States.

The European Space Operations Centre at Darmstadt, Federal Republic of Germany, will be responsible for all orbital operations of GEOS-2, which included the ejection of the satellite, 36 hours after launch, into geostationary orbit. The satellite will be continually in view from the ESA's ground station at Odenwald, Federal Republic of Germany.

[1] *National Ports Council. Annual Report and Accounts 1977.* NPC, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ. 75p. ISBN 0 86073 014 X.

SOCIAL AND CULTURAL AFFAIRS

Immigration and Race Relations

The Government has set out in a White Paper its policy on immigration in reply to the report of the Select Committee on Race Relations and Immigration (see pp 111-14); the Commission for Racial Equality has published its first report; language training for workers from ethnic minorities is being extended and special preparatory courses for entry into higher education are being introduced.

IMMIGRATION

In a White Paper published on 20 July (*Immigration, Observations on the Report of the Select Committee on Race Relations and Immigration.* Cmnd 7287, HMSO, 70p. ISBN 0 10 172870 0), the Government enlarges upon the statement made by the Home Secretary in the House of Commons on 6 April in response to the report on immigration of the Select Committee on Race Relations and Immigration (see p 113). It reaffirms its determination to honour commitments to close dependants of those settled in Britain and to certain United Kingdom passport holders and to take firm action against illegal immigrants. It does not accept the recommendations that there should be a register of dependants, that an independent inquiry should be set up to consider a system of internal control of immigration, nor that there should be an annual quota for admissions from the Indian sub-continent.

The White Paper sets out the Government's general immigration policy. It describes the historical background to the development of immigration and its control; the nature of current immigration; the way in which control operates; and the available statistical information about immigration. It then goes on to reply to the Committee's specific recommendations. It emphasises that large-scale 'primary' immigration of the kind that took place in the 1950s and 1960s, mainly from the West Indies and the Indian sub-continent, has been at an end for some years and that what remains is 'secondary' immigration by the dependants and spouses of those born or settled in Britain in the past. This is described as 'an inherently limited commitment' which must decline in due course and did in fact do so last year. The White Paper says that the Government considers it important to emphasise this fact since misunderstandings about the scale and nature of current immigration can give rise to unnecessary fears and anxieties in all sections of the community.

Immigration Policy

The Government's general policy has three principal aims. First, it is determined to honour its commitments, on a wholly non-discriminatory basis, to the close dependants of those settled in Britain and to those United Kingdom passport holders who are eligible to come to Britain, with their families, under the special voucher scheme. Second, it is the Government's policy to confine within strict limits, consistent with humanity and the country's need for people possessing scarce skills, any future immigration outside these commitments. The Government does not underestimate the real anxieties that many people have about immigration, says the White Paper, but it should be emphasised that fears that immigration is out of control are wholly misplaced and that, while a firm policy is essential, it is equally important to make it clear that such a policy is in no way a criticism of those who have come to Britain lawfully in the past. Third, the Government is determined to take firm action to prevent evasion and abuse of the immigration control.

The Government believes that this policy is balanced and fair. The wives and children of men settled in Britain should be enabled to join their husbands and fathers as quickly as possible. It is most desirable, as the Select Committee pointed out, that children who are going to spend their adult lives in Britain should spend as much as possible of their formative period here. The Government believes that honouring commitments and avoiding unnecessary delay in reuniting families, makes an important contribution to fostering good race relations.

The White Paper goes on to say that strict control of immigration must be coupled with fair and equal treatment for those who have settled in Britain and for their children. In the Race Relations Act 1976 the Government introduced new and stronger legislation to combat racial discrimination in employment, education and the provision of goods and services. The Government attaches great importance to the work of the Commission for Racial Equality which was set up to work towards the elimination of discrimination and to promote good race relations. The Government has also recognised the need for a comprehensive strategy for tackling racial disadvantage and is

determined that its social policies and programmes should be sensitive to and take account of the needs and difficulties of ethnic minority groups. A substantial and increasing proportion of the coloured population belongs to Britain by birth and most people from the ethnic minorities will stay. It is the Government's objective that there should be equal opportunities for all, regardless of race, colour or national origins, and that Britain's multiracial society should be just, tolerant and harmonious.

Illegal Immigration and Overstaying

The White Paper says that the extent to which clandestine illegal immigration takes place cannot, by its nature, be measured precisely but there is no reason to suppose that it occurs on a substantial scale. In 1977, 809 illegal entrants were detected including a number who had been admitted on false documents. The police and the immigration service will maintain their efforts to detect illegal immigrants and to develop intelligence about organised criminal activities. On the question of overstaying by people admitted for temporary purposes the White Paper says that plans are well advanced to provide computer support for the system for checking the departure of those in Britain on a temporary basis.

Observations on Specific Recommendations

Specific recommendations made by the Select Committee on which the White Paper comments include the following.

Official Information: The Government accepts the objective of making available fuller and improved statistical information on immigration; this is in accord with the Government's policy of providing fuller information for public discussion generally. Regular statistics are already published by the Home Office, the Office of Population Censuses and Surveys and the Department of Employment and these sources of information are improved as circumstances allow. The next opportunity to collect comprehensive information on the ethnic minorities will be provided by the 1981 census of population and the recently published White Paper on the census (see p 314) contains a proposal for an ethnic question.

Illegal Employment: On the recommendation that sanctions should be taken against employers who knowingly employ overstayers and illegal immigrants the White Paper says that consultations are being pursued energetically with the Trades Union Congress and the Confederation of British Industry. The Commission of the European Communities has recently published revised proposals for a Council Directive on illegal immigration and illegal employment which, if adopted, would require member states to take certain measures to combat illegal employment.

Internal Control of Immigration: The Government does not accept the recommendation that there should be an independent inquiry to consider a system of internal control of immigration. As the Home Secretary told Parliament on 6 April, such a system would require everyone to carry documentary evidence of identification and the power to require its production. This would be highly objectionable in principle.

Nationality Law: In response to the suggestion that priority should be given to the consideration of British nationality law, the White Paper says that comments received on the Green Paper published in April 1977 (see pp 181-3, 1977) are being studied. Careful consideration of the complex issues involved will be needed before the Government can publish a White Paper, though it intends to do so as soon as practicable.

Work Permits: The White Paper accepts the importance of ensuring that the needs of the labour market are met without undue reliance on overseas labour and points out that the purpose of the work permit scheme is, in general, to allow a vacancy which cannot be filled from the home labour force to be filled by a worker from overseas. The scheme is kept under review and the Government has decided to re-examine the arrangements under which certain people are admitted without permits. Between 1974 and 1977 the number of work permits issued fell from 33,045 to 18,414. Under the special arrangements that exist for the hotel and catering industry the number permitted has been progressively reduced; the Government intends to terminate these special arrangements as soon as it is practicable to do so.

Special Vouchers: The Government does not accept the recommendation that the quota for United Kingdom passport holders in India should be published since at any time it may become necessary to switch vouchers from one country to another to meet unforeseen emergencies. The White Paper points out that the quota has not been fully taken up in recent years because fewer people have applied from East Africa. There are still estimated to be about 33,000 United Kingdom passport holders and dependants in Africa who are eligible to enter Britain under the special voucher scheme, many of whom are subject to restrictions as to residence, employment and trade. The Government does not agree that a date should be announced after which special vouchers would only be issued on exceptional grounds.

Grandparent Relationship: The White Paper says that the recommendation that the relationship with a grandparent born in Britain is too remote generally to justify special treatment under the immigration provisions would be borne in mind when the proposals for a new nationality law are published.

Admission of Dependants: The Government accepts that wives and children should have priority over other categories of applicants but sees no justification for distinguishing between wives and children of sponsors who settled in Britain before 1973 and those who settled there after 1 January 1973. It does not regard as acceptable in principle or workable in practice the recommendation that children born in future to the wife abroad of a man settled in Britain should normally only be admitted if under the age of 12.

The Government accepts the recommendation that staff should be redeployed – and steps have already been taken – to ensure that the processing

of applications of wives and children in the Indian sub-continent should receive priority.

Fiancées: The Government does not at present consider that an entry clearance requirement should be imposed on fiancées although the matter will be kept under review. It recognises that there is an apparent anomaly since male fiancés must apply for an entry clearance.

Quota from Indian Sub-continent: The White Paper reaffirms the view expressed by the Home Secretary on 6 April that, given the sharp fall in immigration last year, the Government does not consider there is any need to introduce a specific annual quota. Such a quota would be particularly harsh since the majority of those affected would be wives and children.

Advisory Services: The Government shares the Select Committee's appreciation of the work of the Immigrants Advisory Service in Pakistan and it is hoped to develop a similar service in Bangladesh.

REPORT OF COMMISSION FOR RACIAL EQUALITY

The first report of the Commission for Racial Equality for the period June to December 1977 was published in July (*Commission for Racial Equality. First Annual Report 1977*. HMSO, £2·50. ISBN 0 10 252978 7). The Commission assumed its statutory responsibilities under the Race Relations Act 1976 in June 1977 to promote harmonious community relations and to co-ordinate national efforts to that end; its report describes the work initiated so far and its future policies.

In a strategy statement published in October the Commission outlined its priorities, which include the following: beginning a number of formal investigations into the possible occurrence of discrimination; giving help to people complaining of discrimination; co-ordinating projects and schemes to help young people, particularly unemployed school leavers; supporting ethnic minority groups in helping their own members; strengthening the local networks of community relations councils; working to make central and local government see equal opportunity and the elimination of discrimination as a major priority; encouraging more employers to adopt equal opportunity policies; preparing a Code of Practice for Employers; emphasising the need for the education system to recognise the multi-ethnic and multi-cultural nature of society; improving relations between ethnic minorities and the police; and achieving maximum possible discussion of race and community relations issues.

The report emphasises the vital role which ethnic minority groups can play in providing advice and assistance to their members and says that the Commission has established liaison with such groups throughout the country. Twenty-five projects aided under the Self-Help Fund formerly administered by the Community Relations Commission are aimed at providing training, counselling or supplementary education to young people between the ages of 13 and 25 mainly from the Afro-Caribbean community. Other grants disbursed by the Commission are being concentrated on projects dealing with the employment needs of young people from the ethnic minorities; educational projects; advice services; regional arts associations; and projects aimed at the needs of the elderly among the ethnic minorities.

Minority arts are referred to in the report, which says that it is often through artistic forms that the cultural identity and self-expression of minority groups are first established. The Commission wishes to give maximum stimulus to their development and a working party has been established which meets regularly.

EXTENSION OF LANGUAGE TRAINING FOR WORKERS

Language training for workers from ethnic minorities is to be improved and expanded. The work of the National Centre for Industrial Language Training (NCILT) which was established in 1974, initially for three years with an extension in 1977 for a further three years, is now to be continued until 1987, subject to review in 1982. The aim of the centre is to help develop English language training courses at work to enable overseas workers, particularly those from the Indian sub-continent, to integrate into their new working environment. A change is also being made in the arrangements for financing the 26 local language training units which receive support services from the NCILT. In future they will be funded by the Manpower Services Commission rather than by local and central government as hitherto. This will provide a more stable system of finance and allow the Commission to plan ahead and train the necessary staff.

SPECIAL PREPARATORY COURSES FOR HIGHER EDUCATION

Seven local education authorities have been asked by the Department of Education and Science to develop special pilot courses to prepare students for entry to higher education. The courses will be aimed at students who have valuable experience but lack the qualifications required and will be designed to bring such students up to the normal standards for entry to courses of professional training and higher education. In view of the need endorsed in the Government's White Paper, *The West Indian Community* (see pp 186-8), to encourage more young people and suitable adults from the ethnic minorities to enter the teaching profession, it is envisaged that the courses should be designed to cater particularly, but not exclusively, for suitable members of the ethnic minority communities. It is hoped that they will start in the autumn of 1979.

Broadcasting White Paper

The establishment of an Open Broadcasting Authority to supervise a new television service, the expansion of local radio, and the creation of an independent Broadcasting Complaints Commission are among the main

proposals put forward in a Government White Paper published on 26 July. The British Broadcasting Corporation (BBC) and the Independent Broadcasting Authority (IBA) would continue to be responsible for the broadcasting services they already provide. Changes are proposed in the BBC's internal structure to enable the Board of Governors to concentrate on its supervisory role as trustee of the public interest, and the IBA's supervisory responsibilities would be extended to cover cable services, including pilot schemes of pay-television and other forms of local broadcasting.

The White Paper, *Broadcasting*,[1] sets out proposals for the future constitution, structure and organisation of British broadcasting, and represents the results of the Government's consideration of the Annan Committee's report (see pages 170-2, 1977). It does not deal with the BBC External Services, although it records the Government's view that they are 'a proven success and represent a national asset' which should be preserved.[2]

The Government intends to bring forward at the earliest opportunity the necessary legislation to implement its proposals, and to apply for a new Royal Charter for the BBC.

The Fourth Television Channel

At present there are three television channels in Britain – BBC1, BBC2 and Independent Television – and the most important development in broadcasting in the next few years, according to the White Paper, will be the introduction of a service on a fourth channel. Most television sets are designed to receive four channels, and frequencies are available for broadcasting on the fourth. In engineering terms, all that is needed is to install additional equipment at the transmitting stations, and in some cases to make arrangements for the programmes to be fed to the stations.

A unique opportunity will be missed, the White Paper states, if the fourth channel is not used to explore the possibilities of programmes which say something new in new ways. The aim will be to widen the choice available to viewers by providing programmes which are interesting and worthwhile but which are not intended to compete with programmes on the existing channels for mass audiences.

The Government's proposed broadcasting legislation would contain proposals for the establishment of an Open Broadcasting Authority to provide and supervise a service in which priority would be given to education, interests not adequately catered for on the existing channels, and programmes produced outside the existing broadcasting organisations. The envisaged Authority would also be able in due course to develop its own news service. A Welsh language service, which it is hoped would start in the autumn of 1982, would be given priority on the fourth channel in Wales; detailed arrangements are discussed in a Home Office working party report.[1]

The Open Broadcasting Authority would operate in some senses as a publisher since it would not make programmes itself. It would be free to commission programmes from any source. The independent television companies would be regular suppliers of programmes and, particularly in the early years, the source of a significant part of the channel's output. The Authority would also be able to commission or buy programmes from the BBC and independent producers. The IBA would be responsible for engineering the fourth channel and for transmitting the service. The Open Broadcasting Authority would therefore need only a relatively small organisation to carry out its functions.

The Authority would, however, be bound by the same obligations over programmes as the BBC and the IBA are at present; one exception would be that, although it would have to ensure impartiality in the treatment of controversial matters, it would not be required to ensure that the fourth channel contained a proper balance of programmes and a wide range of subject matter on the service as a whole, since this would be inconsistent with the primary duty of promoting diversity.

The White Paper acknowledges that a minority channel of the kind proposed would need a measure of financial help from the Government, especially in the early years, but, as the new service developed, the Open Broadcasting Authority would be expected to look to advertising revenue of various kinds to provide an important and increasing source of finance for its operations. Sponsorship of particular productions, block advertising (in breaks of perhaps 10 or 15 minutes) and spot advertising (in breaks of only a couple of minutes) are envisaged.

Local Radio

There are at present 20 BBC and 19 independent local radio stations with a coverage of some 70 per cent of Britain's population. The success which local radio has had, says the White Paper, has been considerable, and the Government intends that services should be extended.

Both the BBC and the IBA are to be permitted to expand their services, the intention being that as many areas of the country as possible would eventually have two local radio services. In the Government's view, the case for a new authority to supervise a predominantly commercial local radio system, as proposed by the Annan Committee, has not been made. A working party is to be set up to consider the immediate and long-term development of this form of radio broadcasting.

The BBC and the IBA

The Government agrees with the Annan Committee 'that the BBC is arguably the single most important cultural organisation in the nation, and that it should continue to be the main national instrument of broadcasting'. Under the White Paper's proposals, the BBC would continue to be responsible for all the broadcasting services it now provides, but some changes in internal structure would

[1]Cmnd 7294. HMSO, £1·25. ISBN 0 10 172940 5.

[2]The External Services are considered in the Government's White Paper on the United Kingdom's overseas representation (see p 312).

[1]*Report of the Working Party on the Welsh Television Fourth Channel Project*. HMSO, £1·75. ISBN 0 11 340155 6.

be made to distance the Governors from detailed involvement in management so as to enable them to concentrate more on their supervisory and regulatory functions. It is proposed that the responsibility for supervising programme strategy and management for the BBC's Television, Radio and External Services should be devolved to three Service Management Boards. About half the members of each Board would be drawn from outside the BBC and appointed by the Home Secretary after consultation with the Chairman of the Board of Governors. Such arrangements, says the White Paper, would bring about conditions for greater diversity between services as regards programme making and the approach to news and current affairs.

The BBC should continue to be financed principally from the revenue of the broadcasting receiving licence fees, says the White Paper, but the Government will keep under review the question of whether the licence fee can continue to provide the BBC with an adequate source of income in the longer term. The cost of the administration of the licensing system compares favourably with that in other countries, but costs can only be kept down if the system remains simple and straightforward.

The Government associates itself with the Annan Committee's general praise of the performance of the IBA. It considers that the IBA should continue to be responsible for a television service and a local radio service provided through programme contractors; and that it should assume responsibility for the supervision of cable television and radio services, including community cable services and pilot schemes of pay-television, and such other services as those for hospitals and universities.

Proposals are made in the White Paper to strengthen the existing provisions in the governing instruments of both the BBC and the IBA for dealing with the special needs of Scotland, Wales and Northern Ireland.

Accountability

The Government accepts the Annan Committee's recommendations that the broadcasting authorities should from time to time conduct public hearings, and that an independent Broadcasting Complaints Commission should be established.

The public hearings would be of two kinds. First, the BBC, the IBA and the Open Broadcasting Authority would be required to conduct hearings in different parts of Britain to ascertain the views of the public on the services they provided; and, second, in each area in which an independent television or local radio franchise were to be held, a public hearing would form part of the normal procedure by which the IBA comes to a decision on the award of a contract.

The proposed Broadcasting Complaints Commission, provision for which would be included in the envisaged broadcasting legislation, would adjudicate complaints of misrepresentation, unfairness or invasion of privacy in programmes. It would also be able to comment in its annual report on complaints of a more general nature (concerning, for example, the portrayal of violence) and trends revealed in these complaints.

Other Matters

Among the many other points in the White Paper are the following:

On the question of violence on television, the Government is aware of the research being carried out by the BBC and IBA into the portrayal of violence and its effects, but takes the view that the only safe course is for the broadcasting authorities to assume undesirable effects unless convincing evidence to the contrary emerges. Both the BBC and the IBA should, in the Government's view, review their codes and guidance on the portrayal of violence, and publish these if possible with their next annual reports. It should also be possible to include information monitoring the amount of violence in broadcast programmes in the annual reports that each authority (including the proposed Open Broadcasting Authority) lays before Parliament.

The present powers of the Government over the technical aspects of broadcasting would be retained. The Government is proposing to set up a Broadcasting Technical Advisory Committee to advise the Home Secretary.

Teletext is a technology in which Britain has a world lead, and what matters in practical terms, says the White Paper, is that the decoding equipment which enables teletext to be received on television sets should be developed as fast as possible at a price which will put this equipment within the reach of the public at large. The Government intends to start discussions with the broadcasting authorities about the institutional and supervisory framework for broadcast teletext services, and will reach a conclusion on this matter in the light of these discussions.

It is too early to say whether there is sufficient demand for community cable television and sound-only services to enable them to become self-financing. The Government welcomes the initiatives which have been taken but believes that they must satisfy the test of whether the communities in which they operate are prepared to pay for them.

The requirement of impartiality is fundamental to Britain's concept of public service broadcasting, although it should not preclude 'committed' public affairs programmes from having a recognised place on the broadcasting outlets.

The Government is not prepared at this stage to dismiss the possible advantages of pay-television, or to conclude that the disadvantages which it might hold could not be overcome, subject to careful regulation. Provision would therefore be made in the proposed broadcasting legislation to enable pilot schemes to be authorised under the IBA's supervision.

A Department of Transport working group has been set up to identify the service which a broadcast traffic information system could provide and to evaluate the likely costs and benefits. It is expected to report soon.

The Government does not consider that press holdings in independent television or local radio companies are wrong in principle, but believes that broadcasting and newspapers must not be per-

mitted to become 'mouthpieces for the same voice'. It feels that the existing law on press holdings is unsatisfactory, primarily because, couched as it is in terms of the 'public interest', it is unnecessarily vague. Newspaper companies should not normally be represented on the board of an independent television or local radio company in which they have a shareholding. Although the IBA should, when considering applications for independent television or local radio franchises, have particular regard to the extent of individual or aggregate newspaper holdings, existing powers are adequate to ensure that newspapers are not permitted to obtain too large an interest in independent broadcasting.

The restrictions on foreign companies being independent television or local radio programme contractors should be retained, subject to Britain's international obligations, including membership of the European Community.

Home Secretary's Statement and Opposition Views

On the day the White Paper was published the Home Secretary, Mr Merlyn Rees, made a statement to the House of Commons, and views were expressed in reply by spokesmen for the Opposition and other parties and by other members of the House (*Hansard*, 26.7.78, cols 1559-88).

Before outlining the main points in the White Paper, Mr Rees paid tribute to the performance of the BBC, the IBA and the independent television and radio companies. He said that the Government's proposals were designed to ensure that the quality and range of broadcasting services were maintained and, wherever possible, improved. The Government also wanted to ensure that Britain's broadcasting system would be able to respond to the technological developments which would take place over the next decade or so. 'Our principal conclusion is that the broadcasting services should continue to be provided as public services and the responsibility of public authorities. But our proposals are also designed to encourage diversity in the range and variety of material available to the public and to enhance the accountability of the broadcasting authorities.'

The Conservative Party spokesman on home affairs, Mr William Whitelaw, said that there were several recommendations in the White Paper with which the Opposition was in agreement, such as the arrangements for local radio and the Government's views on the need to maintain standards, particularly in relation to the portrayal of violence on television. On the question of the fourth television channel, however, the Opposition agreed about the provision of different kinds of programmes from those on existing channels, but believed that the plan for an Open Broadcasting Authority 'would place a totally unnecessary burden on the taxpayer through a deliberate increase in public expenditure with a new bureaucracy and a direct financial contribution from the Government. We remain of the view that the alternative of the fourth channel being administered by the IBA, with a separate programme planning board on which the main independent television companies would not have a majority, could meet the Government's objectives and our own, without extra cost to the taxpayer.' The Opposition also had doubts about the proposal for restructuring the BBC, as tending to increase bureaucracy and appearing to threaten the independence of the BBC.

For the Liberal Party, Mr David Steel said that his Party supported the White Paper's emphasis on increased controls on the portrayal of violence, and the proposals for the Welsh language service and for local radio, but he questioned how much other proposals extended general ministerial patronage and added to bureaucracy. He agreed that the limited role of the proposed Open Broadcasting Authority was right, but asked whether it could not be embodied within the IBA.

Shorter Notes

REPORT OF THE ROYAL COMMISSION ON GAMBLING

The creation of a national lottery for good causes and tighter controls over the conduct of lotteries generally are among the main recommendations of the Royal Commission on Gambling which reported in July.[1] Other topics discussed are off-course betting shops and improved amenities for them, and pool betting on football; the Commission recommends that part of the stake on football pools should go to help the sport. (At present football receives some money through private arrangements with the pools companies.) Various reforms are suggested concerning gaming, in particular the introduction of a casino general betting duty on money exchanged for chips, with an additional levy in those casinos where money exchanged for chips amounts to more than £10 million a year. New regulations are proposed to control jackpot machines; Gaming Board inspectors would have the right to examine all machines and owners would have to put a notice on each machine every six months recording the amount of money put in and the amount paid out. (The Gaming Board is responsible for the control of commercial gaming.)

The Commission's philosophy towards gambling is to interfere as little as possible with the freedom of individuals to take part, while discouraging socially damaging excesses and preventing the incursion of crime into gambling. It argues that gamblers should have an opportunity of knowing what the odds are against their winning and supports the principle that, in general, facilities offered should respond to 'unstimulated demand' with one or two exceptions such as lotteries.

[1] *Royal Commission on Gambling. Final Report* (two volumes – not sold separately). Cmnd 7200. HMSO, £7·50. ISBN 0 10 172000 9.

DOCUMENTATION

Government and Administration

The United Kingdom's Overseas Representation. Cmnd 7308. HMSO, £1·35. ISBN 0 10 173080 2. (This White Paper will be summarised in the next issue of *Survey of Current Affairs.*)

Civil Service Statistics 1978. Civil Service Department. These statistics show that the number of civil servants fell by over 10,000 between 1.1.77. and 1.4.78, when they numbered 735,700. This drop fulfils the Government's intention to make savings in the cost of the Civil Service announced in 1976 (see pp 112-13, 1976) and has been achieved despite the need for additional staff in certain departments. HMSO, £2·75. ISBN 0 11 630342 5.

Northern Ireland Commissioner for Complaints. Annual Report for 1977. Belfast HMSO, £2·35. ISBN 0 10 241978 7.

Northern Ireland Parliamentary Commissioner for Administration. Annual Report for 1977. Belfast HMSO, £1·35. ISBN 0 10 241878 0.

Reform of Section 2 of the Official Secrets Act 1911 (see p 278). Cmnd 7285. HMSO, 70p. ISBN 0 10 172850 6.

United Kingdom Fire Statistics 1976: Home Office. HMSO, £4.

Dominica. Termination or Association (see p 279). Cmnd 7279. HMSO, 50p. ISBN 0 10 172790 9.

External Affairs and Defence

Convention on Registration of Objects Launched into Outer Space. New York, 14 January 1975. The United Kingdom instrument of ratification was deposited and the Convention entered into force for the United Kingdom on 30 March 1978. Cmnd 7271. HMSO, 25p. ISBN 0 10 172710 0.

United Nations No 1 (1978). The United Nations Special Session on Disarmament. New York, 23 May to 1 July 1978 (see pp 286-8). Cmnd 7267. HMSO, £2·25. ISBN 0 10 172670 8.

The Disarmament Negotiations 1976/77. Cmnd 7269. HMSO, £6·50. ISBN 0 10 172690 2.

British Forces Germany. Volume I: Report. Tenth Report from the Expenditure Committee. Session 1977-78. Report prepared by the House of Commons Expenditure Committee's Defence and External Affairs Sub-Committee. HMSO, 80p. ISBN 0 10 296878 0.

Additional Protocol to the Agreement establishing an Association between the European Economic Communities and . . . Cyprus with Financial Protocol and Final Act. Cmnd 7228. HMSO, £1·85. ISBN 0 10 172280 X.

Agreement between the European Economic Community (EEC) and Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, the United Kingdom, Member States of that Community . . . , on the one hand, and the International Development Association on the other hand (see p 150). Cmnd 7256. HMSO, 25p. ISBN 0 10 172560 4.

Agreement on Technical Co-operation between . . . the United Kingdom . . . and Costa Rica. Cmnd 7218. HMSO, 30p. ISBN 0 10 172180 3.

Exchange of letters between . . . the United Kingdom . . . and the Commission of the European Communities constituting an Agreement with Euratom concerning the Privileges of the Joint European Torus (JET) Project. Cmnd 7255. HMSO, 20p. ISBN 0 10 172550 7.

Second Report from the Select Committee on Overseas Development, Session 1977-78. The Renegotiation of the Lomé Convention. Volume 1: Report (together with the Proceedings of the Committee). HMSO, £1·35. ISBN 0 10 258678 0.

Second Report from the Select Committee on Overseas Development, Session 1977-78. Renegotiation of the Lomé Convention. Volume 2: Evidence and Appendices. HMSO, £5. ISBN 0 10 296778 4.

Economic and Scientific Affairs

Cash Limits 1977-78. Provisional Outturn (and 1976-77 Outturn). Cmnd 7295. HMSO, 40p. ISBN 0 10 172950 2.

Banking and Credit Union Bills. Cmnd 7303. HMSO, £1·75. ISBN 0 10 173030 6.

Bank of England. Report and accounts for the year ended 28 February 1978. Available from the Bank of England, Threadneedle Street, London EC2R 8AH.

Winning the Battle Against Inflation (see p 296). Cmnd 7293. HMSO, 25p. ISBN 0 10 172930 8.

Manpower Services Commission. Annual Report 1977-78. Available from the Commission at Selkirk House, 166 High Holborn, London WC1V 6PF.

Job Introduction Scheme. The job introduction scheme (see p 156, 1977) for disabled people has been extended for a further 18 months from 4 July. The eligibility criterion of six months' or more unemployment will be removed, and extended trial periods of up to 13 weeks will exceptionally be granted where disabled people need longer to demonstrate their ability to do the job. *Hansard,* 28.7.78, written answers, cols 942-3.

Health and Safety Executive: Mines and Quarries 1977. Health and Safety Executive. HMSO, £2·25. ISBN 0 11 883201 8.

Control of Lead at Work. Draft Regulations and Draft Approved Code of Practice. Health and Safety Commission Consultative Document. The code and regulations propose improved and more comprehensive protection for workers exposed to lead, and protection of the public from such exposure. HMSO, 50p. ISBN 0 11 883206 9.

Notification of Occupational Ill Health. Health and Safety Commission Consultative Document. The document proposes that the law requiring the notification of cases of occupational ill health should be extended and rationalised to cover a wider range of illnesses. HMSO, 50p. ISBN 0 11 883207 7.

British Steel Corporation. Annual Report and Accounts 1977-78 (see p 298). HMSO, £1. ISBN 0 901894 54 0.

ADAS Annual Report 1977. Ministry of Agriculture, Fisheries and Food. This report of the Agricultural Development and Advisory Service covers for the first time the work of the constituent services. HMSO, £4·50. ISBN 0 11 240302 6.

Central Council for Agricultural and Horticultural Co-operation. Eleventh annual report [1977-78]. This report deals with the Council's administration of the Agricultural and Horticultural Co-operation Scheme 1971 (under which grants are paid for co-operative production and marketing) and with its other activities in the promotion and development of co-operation and marketing. Available from the Council, 301-44 Market Towers, Floor 3, New Covent Garden Market, 1 Nine Elms Lane, London SW8 5NQ.

Fisheries of Scotland Report for 1977 (including Fisheries Research Report). Department of Agriculture and Fisheries for Scotland. Cmnd 7244. HMSO, 70p. ISBN 0 10 172440 3.

Institute of Animal Physiology . . . Report for 1976-77. Agricultural Research Council, £2. ISBN 0 7084 0079 5. Obtainable from HMSO.

Poultry Research Centre Report for the year ended 31 March 1978. Agricultural Research Council, 70p. ISBN 0 7084 0072 8. Obtainable from HMSO.

Types of Farm in England and Wales. A map showing the distribution of types of farming, £1 plus postage and packing. Available from the Ministry of Agriculture, Fisheries and Food (Publications), Tolcarne Drive, Pinner, Middlesex HA5 2DT.

Accidents at Sea causing Oil Pollution. Review of Contingency Measures. Available from Marine Division, Department of Trade, Sunley House, 90-3 High Holborn, London WC1V 6LP.

Oil. COI, FSI/13.

Offshore 1977: UK Goods and Services for Developments Offshore (see p 299). HMSO, 45p. ISBN 0 11 410652 5.

British Gas Corporation. Annual Report and Accounts 1977-78. British Gas Corporation, 59 Bryanston Street, London W1A 2AZ, £1·50. ISBN 0 903545 25 X.

Gas Gathering Pipeline Systems in the North Sea (see p 299). Energy Paper No 30. Department of Energy. HMSO, £2·50. ISBN 0 11 410651 7.

National Coal Board. Report and Accounts 1977-78. NCB, Hobart House, Grosvenor Place, London SW1X 7AE, £1. ISBN 0 906394 00 7. For operating statistics, see *National Coal Board Statistical Tables 1977-78.* Available from the NCB. ISBN 0 906394 01 5.

The Electricity Council. Annual Report 1977-78. Available from the Electricity Council, 30 Millbank, London SW1P 4RD. ISBN 0 85188 071 1.

The Electricity Council. Statement of Accounts and Statistics. The Electricity Council. HMSO, £1·80. ISBN 0 85188 072 X.

Central Electricity Generating Board, Annual Report and Accounts 1977-78. Available from the Press and Publicity Office, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU. £2. ISBN 0 902543 55 5. Detailed statistics are given in *CEGB Statistical Yearbook 1977-78.* Available from the CEGB. ISBN 0 902543 56 3.

Electricity. Report of the Secretary of State for Energy for the year ended 31 March 1978. HMSO, 60p. ISBN 0 11 410649 5.

North of Scotland Hydro-Electric Board. Report and Accounts 1977-78. Available from the NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE.

Cross-Channel Electricity Link. The Secretary of State for Energy announced on 3 August that he had given the go-ahead to the Central Electricity Generating Board for a new 2,000-megawatt (MW) cross-Channel electricity link between Britain and France. Costs will be shared equally by the CEGB and Electricité de France. The CEGB's share is expected to amount to £131 million. The link will come into operation in two stages, the first 1,000 MW in 1982 and the second in 1983. It is expected to cut oil consumption in both British and French power stations, to give Britain the opportunity to export coal-generated electricity to France, and to add to the security of power supplies. Department of Energy press notice, 3.8.78.

High Speed Trains. COI, SN6022.

British Airports Authority Annual Report and Accounts 1977-78. Available from the BAA, 2 Buckingham Gate, London SW1E 6JL.

British Airways Annual Report and Accounts 1977-78. British Airways. HMSO, £1·25. ISBN 0 900031 11 5.

Hovercraft. COI, SN6041.

National Dock Labour Board. Annual Report and Accounts 1977-78. Available, price 50p, from the Board at 22-6 Albert Embankment, London SE1 7TE.

Post Office Report and Accounts 1977-78 (see p 301). HMSO, £2·25. ISBN 0 11 886009 7.

The Post Office (see p 301). Cmnd 7292. HMSO, 80p. ISBN 0 10 172920 0.

Research and Development Requirements and Programmes Report 1977-78. Available free from the Technology Library, Department of Industry, Abell House, John Islip Street, London SW1P 4LN.

National Computing Centre (see p 432, 1966). *Annual Report 1977-78.* Available from the Centre at Oxford Road, Manchester, M1 7ED.

Committee for Terotechnology (see p 273, 1972). *Technology Handbook.* Department of Industry. HMSO, £3. ISBN 0 11 511416 5.

Location of Offices Bureau Annual Report 1977-78. Available from the LOB, 27 Chancery Lane, London WC2A 1NS, 25p.

Social and Cultural Affairs

House of Lords: Report of the Select Committee on a Bill of Rights together with the Minutes of Proceedings. HMSO, £1·35. ISBN 0 10 417678 4.

1981 Census of Population. The Government has decided that, subject to parliamentary approval, a population census should be taken in 1981. The proposed date is 5 April 1981. This White Paper sets out the Government's proposals for the census in Great Britain; separate arrangements are being made for the census in Northern Ireland. Cmnd 7146. HMSO, 40p. ISBN 0 10 171460 2.

Mortality Statistics 1976: Cause. Review of the Registrar General on deaths by cause, sex and age, in England and Wales. HMSO, £2·75. ISBN 0 11 690681 2.

Report of Her Majesty's Chief Inspector of Constabulary 1977. HMSO, £2·25. ISBN 0 10 254578 2.

Committee of Inquiry on the Police. Reports on Negotiating Machinery and Pay. Cmnd 7283. HMSO, £3. ISBN 0 10 172830 1.

Criminal Statistics, England and Wales, 1977. Cmnd 7289. HMSO, £7·75. ISBN 0 10 172890 5.

Judicial Statistics (England and Wales). Annual Report 1977. Statistics relating to the Judicial Committee of the Privy Council, the House of Lords, the High Court, the Crown Court, county courts and other civil courts. Cmnd 7254. HMSO, £3·25. ISBN 0 10 172540 X.

Judicial Studies and Information. A working party report which concludes that the present arrangements for preparing judges for their role as sentencers should be placed on a more formal basis. A small organisation is proposed which would provide judicial study programmes for all newly appointed judges. HMSO, £1. ISBN 0 11 340147 7.

The Sentence of the Court: a Handbook for Courts on the Treatment of Offenders. HMSO, £2. ISBN 0 11 340146 9.

Report on the Work of the Prison Department 1977. Cmnd 7290. HMSO, £2·25. ISBN 0 10 172900 6.

Prison Statistics, England and Wales, 1977. Cmnd 7286. HMSO, £2·50. ISBN 0 10 168840 7.

National Health Service: the First Thirty Years, by Brian Abel-Smith. HMSO, £1·95. ISBN 0 11 320249 0.

Management of Financial Resources in the National Health Service. A research paper published by the Royal Commission on the National Health Service. HMSO, £4. ISBN 0 11 730111 6.

Allocating Health Resources: a Commentary on the Report of the Resource Allocation Working Party. A research paper published by the Royal Commission on the National Health Service. HMSO, 85p. ISBN 0 11 730112 4.

Health Services in Scotland. Report for 1977. Prepared by the Scottish Home and Health Department. Cmnd 7237. HMSO, £1·50. ISBN 0 10 172370 9.

Annual Report for 1977 of the Medicines Commission, the Committee on Safety of Medicines, the Veterinary Products Committee, the British Pharmacopoeia Commission, the Committee on the Review of Medicines, and the Commitee on Dental and Surgical Materials. Also contains a report prepared by the Medicines Division of the Department of Health and Social Security. HMSO, £2. ISBN 0 10 257778 1.

Department of Education and Science. Annual Report 1977. HMSO, £2. ISBN 0 11 270475 1.

Comprehensive Education. Report of a conference held at the University of York in December 1977 at the invitation of the Secretary of State for Education and Science. HMSO, £3·25. ISBN 0 11 270476 X.

Mixed Ability Work in Comprehensive Schools. A discussion paper prepared by a working party of Her Majesty's Inspectorate. HMSO, £2·50. ISBN 0 11 270446 8.

School Examinations. Report of a steering committee established to consider proposals for replacing the GCE ordinary-level and CSE examinations by a common system of examining. The committee's chairman was Sir James Waddell. Cmnd 7281-I. HMSO, £1·15. ISBN 0 10 172810 7. (The committee's study groups' reports on educational aspects and on cost implications are published, under the same title, as Cmnd 7281-II. HMSO, £3·15. ISBN 0 10 172811 5.)

Scottish Education Department. Social Work in Scotland in 1977. Cmnd 7263. HMSO, 45p. ISBN 0 10 172630 9.

Immigration. First Report from the Select Committee on Race Relations and Immigration. Session 1977-78. Volume II Evidence and Appendices (see p 111). HMSO, £5·92. ISBN 0 10 291978 X.

Immigration. Observations on the Report of the Select Committee on Race Relations and Immigration (see p 306). Cmnd 7287. HMSO, 70p. ISBN 0 10 172870 0.

Commission for Racial Equality. First Annual Report 1977, June 1977 to December 1977. (See p 308). HMSO, £2·50. ISBN 0 10 252978 7.

Countryside Commission for Scotland. Tenth Report, 1977. Available through HMSO, £1·65. ISBN 0 902226 44 4.

Eleventh Report of the Ulster Countryside Committee, for the Year Ended 30 June 1976. Belfast HMSO, 85p. ISBN 0 337 08115 8.

Royal Commission on Gambling. Final Report. (See p 311). Cmnd 7200. HMSO, £7·50. ISBN 0 10 172000 9.

Broadcasting. A White Paper setting out the Government's proposals for the future constitution, structure and organisation of British domestic broadcasting (see p 309). Cmnd 7294. HMSO, £1·25. ISBN 0 10 172940 5.

Report of the Working Party on the Welsh Television Fourth Channel Project. HMSO, £1·75. ISBN 0 11 340155 6.

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